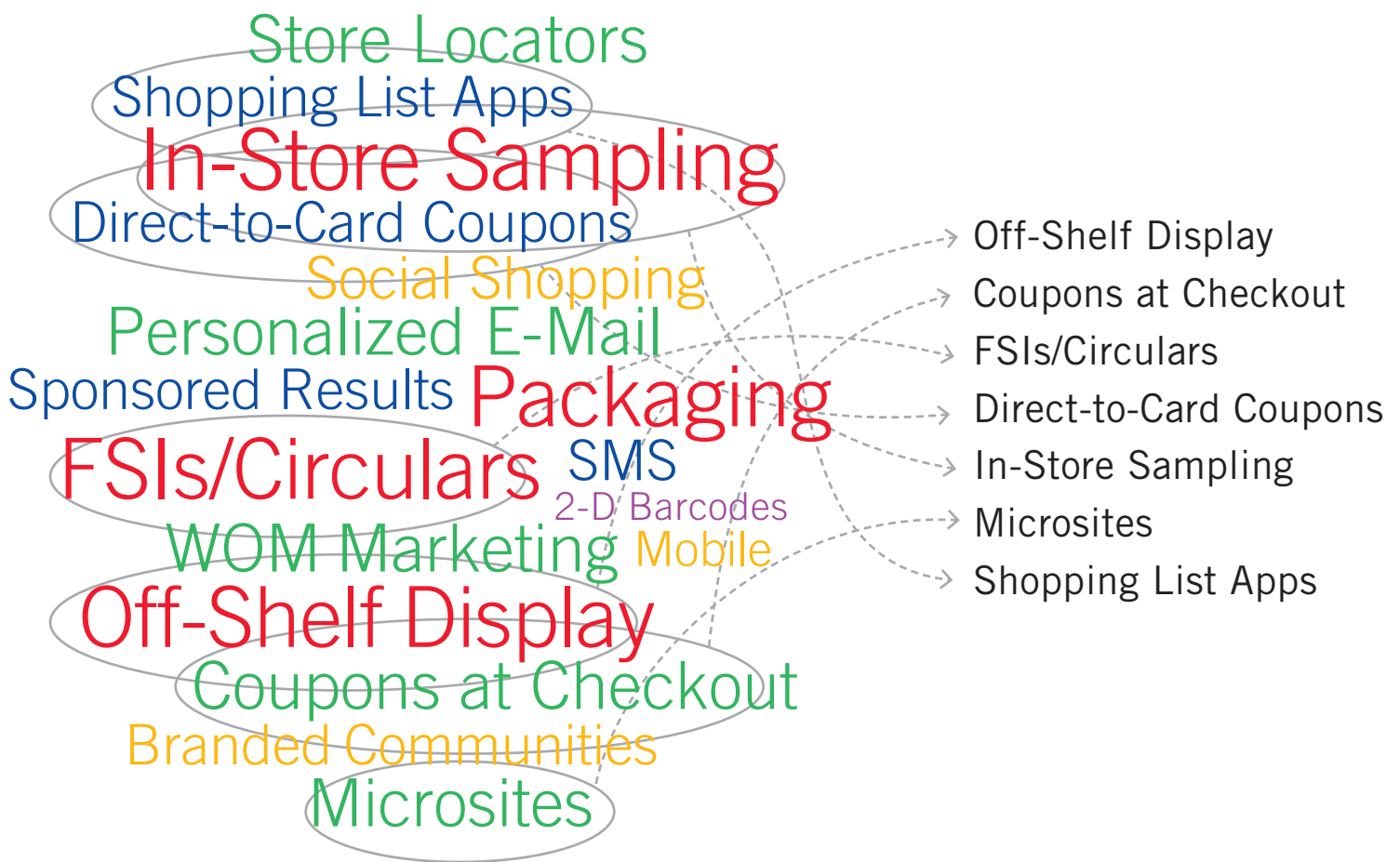


Shopper Marketing 4.0

Building Scalable Playbooks That Drive Results





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 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 the GMA website at 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 61 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 2010.

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Executive Summary

What are the most effective shopper marketing vehicles for building awareness ... for driving trial ... for creating loyalty? How should you direct your shopper marketing spend in displays ... in social media ... in search ... in direct-to-card digital coupons? How do you decide which combinations of vehicles to use to create integrated shopper marketing programs that span the path to purchase? These are some of the questions that the fourth annual Grocery Manufacturers Association (GMA) shopper marketing study seeks to help you answer.

Shopper marketing continues to be one of the fastest-growing segments in the advertising and promotions mix. Its rapid growth has been fueled by the need to shift spending further down the purchase funnel, get beyond price and inject more equity into in-store marketing, and develop greater retail intimacy. Shopper marketing is expanding rapidly across the full path to purchase, supported by a proliferation of new vehicles that engage consumers when they are in shopping mode at home, on the go, and in the store.

Last year, the 2009 GMA–Booz & Company Shopper Marketing 3.0 study found shopper marketing growing rapidly, but at a crossroads. Many manufacturers had not yet aligned their shopper marketing initiatives with their other advertising and promotions capabilities, and measurement was a crucial missing link. The result was disconnected messages, wasted spending, and missed opportunities to drive purchase of individual brands and grow categories.

This year's study finds shopper marketing continuing to gain strength and momentum. But complexity and uncertainty around what is most effective persist. Now, companies are seeking to impose more order and rigor on their shopper marketing initiatives and optimize their spending. To that end, this study was designed to accomplish the following:

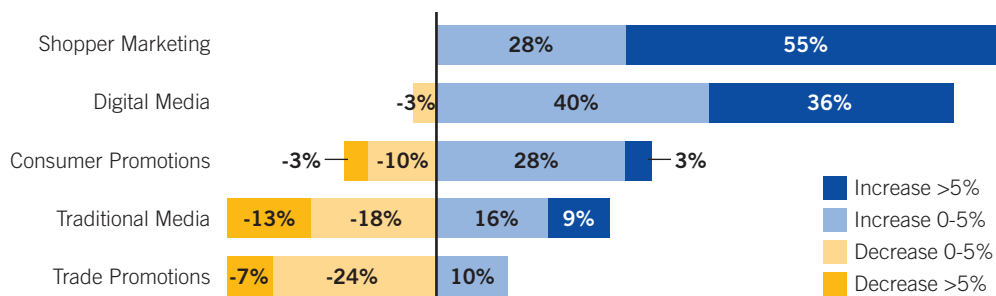
- Identify the full range of shopper marketing vehicles based on a survey of manufacturers, agencies, and retailers and assess vehicle maturity and effectiveness
- Complement industry input with insights from shoppers to determine how they engage with different vehicles across the path to purchase
- Organize shopper marketing vehicles into a taxonomy that makes it easier to determine their fit with brand objectives from awareness to action to loyalty
- Create frameworks that enable manufacturers and their trading partners to create customized and scalable shopper marketing playbooks

(Skip to page 21 if you have limited time and want to read about the playbook options first, before reading the rest of this report.)

Exhibit 1: Shopper Marketing Is the Fastest-Growing Sector of Advertising and Promotions

Expected Growth in Advertising and Promotions Mix

(Average Annual Increase or Decrease over the Next 3 Years)



Note: Digital media is an average of mobile marketing, paid search, Internet brand advertising, social media, and owned media. Traditional media is an average of TV, print, and other paid media. Neutral data was excluded.

Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010 (manufacturer responses only)

Overall,
62 percent of
shoppers engage
in at least
one digital deal
activity for half or
more of their
shopping trips.

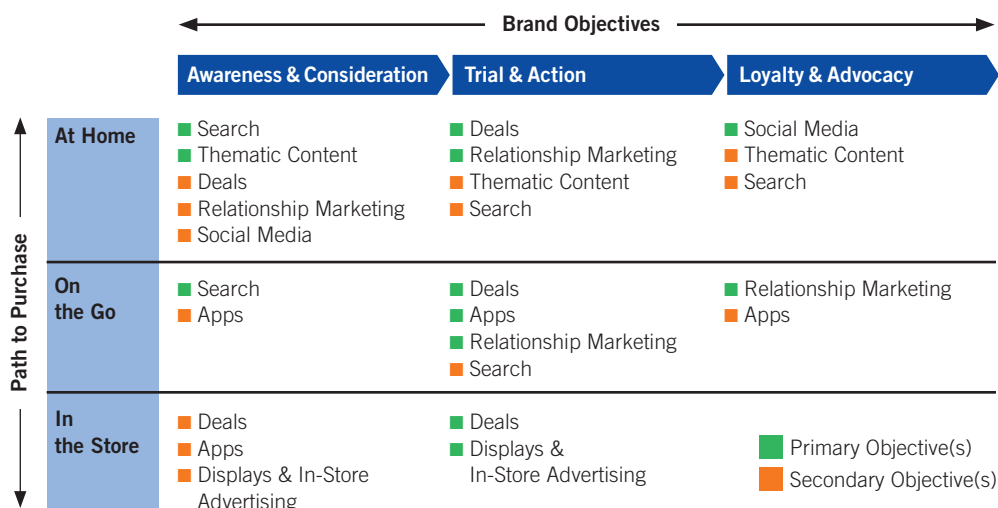
Insights and Findings

- Rapid growth:** Over 55 percent of manufacturers in the food, beverage, health and beauty, and household products categories surveyed said their investment in shopper marketing will grow by more than 5 percent annually over the next three years (*see Exhibit 1*). In many cases it is growing more rapidly, often at double-digit rates. Companies are shifting their advertising and promotions mix away from traditional media, while trying to hold the line on further increases in trade promotions spending. They are planning to rapidly scale up spending on platforms that are closer to the point of purchase to create direct relationships with shoppers and drive more measurable results.
- Digital deal hunting:** As shoppers conduct more online research before shopping trips, their deal hunting is migrating from clipping coupons and browsing the Sunday circular to digital media. Overall, 62 percent of shoppers engage in at least one digital deal activity for half or more of their shopping trips. Early adopters—the 29 percent of all shoppers who actively use social media and own or plan to buy a smartphone—engage in even higher levels of digital deal hunting.

Shopper marketers are experimenting with a broad set of deal-related vehicles that provide greater targeting than traditional coupons and circulars and offer new opportunities to collaborate with specific retailers.

- **Heightened collaboration:** In the quest to engage consumers along the entire path to purchase, shopper marketers are using an expanded set of digital vehicles, such as search, social media, thematic content on manufacturers' and retailers' websites, and mobile apps. This is reinforcing the need for more effective collaboration between sales and marketing, as well as the need to build greater intimacy with retailers' marketing teams.
- **Vehicle proliferation:** The study identifies and evaluates 49 individual vehicles, which are classified in a platform-based taxonomy. The seven platforms, ranked in order from highest to lowest adoption by manufacturers, include displays and in-store advertising, deals, relationship marketing, social media, search, thematic content, and apps. Adoption levels of individual vehicles within these platforms vary widely. Traditional vehicles, such as on-shelf display advertising and freestanding inserts (FSIs), have the highest levels. Digital vehicles, such as direct-to-card coupons and mobile apps have lower, but increasing, levels.
- **Most effective vehicles:** In-store displays, ads, promotions, and product packaging—the “bread and butter” of shopper marketers—continue to be viewed as the most effective means of reinforcing targeted equity messages and influencing purchase. In addition, shopper marketers are experimenting with a broad set of deal-related vehicles that provide greater targeting than traditional coupons and circulars and offer new opportunities to collaborate with specific retailers.
- **Complexity abounds:** The multitude of platform and vehicle choices in shopper marketing adds complexity to the brand manufacturers' already challenging task of driving return on investment (ROI) and brand health. Building greater scale and operational efficiency, as well as consistency and greater effectiveness, requires a better-defined and more focused playbook of vehicles that enables shopper marketers to more closely align their spending to specific brand objectives.

Exhibit 2: Best-Fit Alignment of Shopper Marketing Vehicle Platforms to Brand Objectives



Note: Primary objectives are those for which more than 40 percent of industry respondents use the platform for a given objective. Secondary objectives are those for which less than 40 percent of industry respondents use the platform for a given objective.

Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010

- **Shopper marketing by objective:** Shopper marketing vehicles can be mapped to different brand objectives, such as building awareness, driving action, and nurturing loyalty. Some vehicles can be used effectively for multiple objectives (*see Exhibit 2*).
- **Integrated capabilities:** Shopper marketers need to develop an integrated set of capabilities. These capabilities produce shopper insights, which are a critical ingredient in strategy and creative development. They produce retailer intimacy, which enables shopper marketers to better identify and sell what works best in a retailer's stores. The capabilities set should also enhance collaboration, not only cross-functionally within the manufacturer, but also with an often diverse set of agency partners and with retailers' merchant and marketing organizations.
- **Focused bets:** Building an integrated set of shopper marketing capabilities requires making focused bets on which platforms to scale up and when to participate in retailers' programs versus developing more customized solutions. These bets should yield a well-oiled machine that can effortlessly employ the vehicles in the playbook that are utilized most frequently, while providing customization within predictable and carefully managed limits.

Realizing the full potential of shopper marketing requires the development of both a scalable playbook and winning capabilities.

- **Measurement required:** World-class shopper marketing requires the consistent, ongoing measurement of both ROI and brand health. This requires getting beyond input measures, such as testing the creative, and intermediate outputs, such as ad recall or traffic. An effective and balanced measurement capability measures the sustained impact on core equity, as well as the incremental sales lift produced by each of the shopper marketing vehicles in an integrated campaign.

Realizing the full potential of shopper marketing requires the development of both a scalable playbook and winning capabilities. Companies that do this well will be able to create more effective, integrated shopper marketing campaigns that yield better results and greater collaboration.

Section One

Shopper Marketing Takes Center Stage

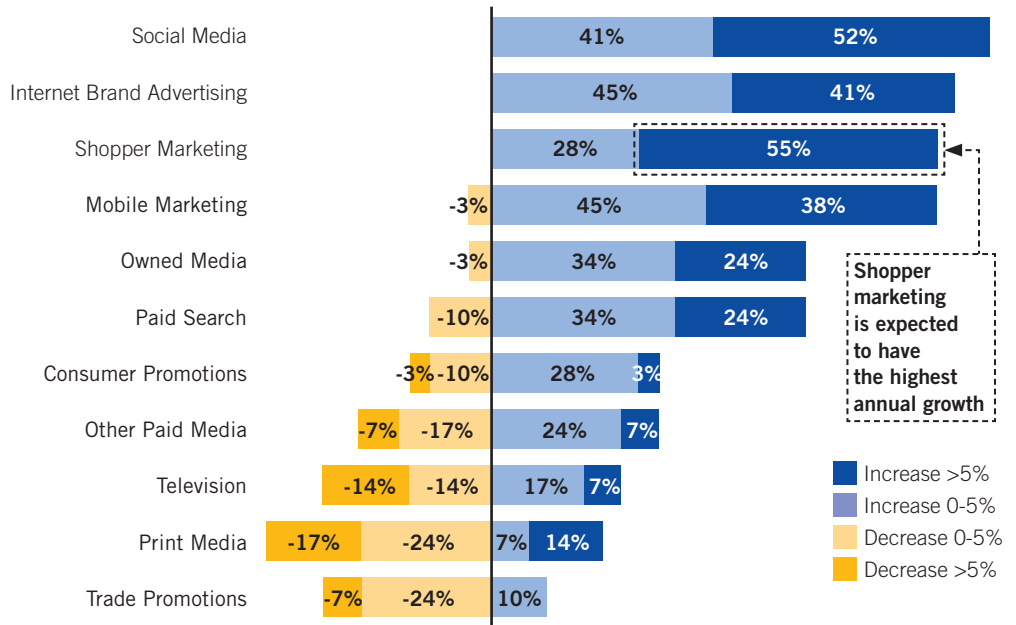
Shopper marketing continues to be one of the fast-growing components in the advertising and promotions mix of consumer packaged goods (CPG) manufacturers. In the near term, its growth will match and sometimes exceed the growth in digital marketing.

In fact, over the next three years, 83 percent of companies plan to increase their investments in shopper marketing. A majority of them (55 percent) rank shopper marketing as their number one investment, saying that their spending increases will exceed 5 percent annually.

Why does shopper marketing enjoy such a rosy outlook when spending on traditional marketing platforms, including television, print media, and trade promotions, is in decline (see Exhibit 3)? Shopper marketing’s move to center stage is powered by the urgent need to develop actionable insights capable of better influencing shoppers all along the path to purchase and generating measurable results.

Exhibit 3: Shopper Marketing Is Gaining Share of Advertising and Promotions

Expected Growth in CPG Manufacturers’ Advertising and Promotions Mix
(Average Annual Increase or Decrease over the Next 3 Years)



Note: Neutral data was excluded.
Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010 (manufacturer responses only)

Consumer packaged goods manufacturers are investing in shopper marketing to capture insights—the basis for the creation of effective equity messages and the currency of retail collaboration.

Engaging Deal-Driven Consumers in a Fragmented World

Marketing and sales for CPG manufacturers have been under tremendous pressure in recent years. Advertising spend has been strained by media fragmentation, which has led to a splintering of the mass audiences of yesterday. Promotional spending has also been strained by the rising power of retailers and the deal-driven mind-sets of shoppers, who have become frugal in the wake of the Great Recession.

Shopper marketing offers a solution to these strains by crafting and delivering messages to consumers when they are in shopping mode and more receptive to relevant content. Shopper marketing is not just an effective means of driving action by creating trial and purchase, but also a way to increase awareness and loyalty, all of which are critical to long-term brand health. It is the promise of reaching consumers all along the path to purchase, from when they first begin to shop (at what Google calls the “zero moment of truth”) to the store shelf (at what Procter & Gamble dubbed the “first moment of truth”), that is causing CPG manufacturers to invest in shopper marketing at rates rivaling the most popular digital platforms.

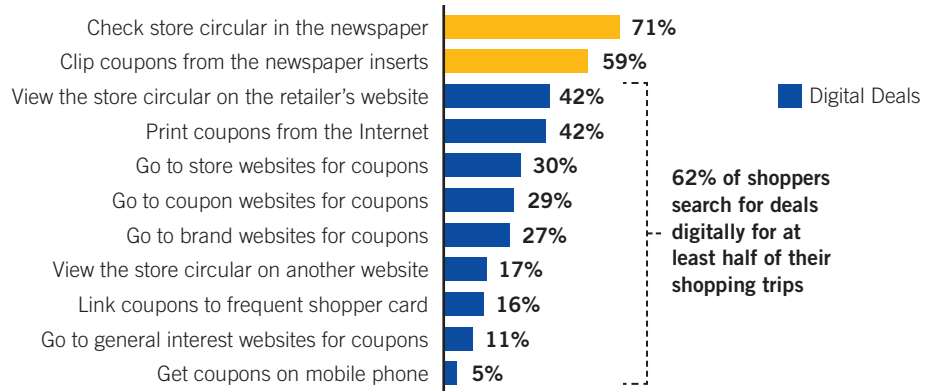
Consumer packaged goods manufacturers are investing in shopper marketing to capture insights—the basis for the creation of effective equity messages and the currency of retail collaboration. They are also investing from the “store back,” as Procter & Gamble put it, to ensure that all of their messaging and campaigns are consistent and coordinated. This expansion along the path to purchase has added a good deal of complexity to shopper marketing because it requires a broader set of vehicles to reach consumers at home, on the go, and in the store.

This need is manifest in the expanding investment in traditional vehicles, such as displays, in-store advertising, and custom packaging, which still account for a lion’s share of shopper marketing spending. It is also evident in the investment in newer vehicles, especially digital vehicles such as e-coupons and search, which are growing at a fast clip.

The growth in digital vehicles is not surprising given the fact that two-thirds of consumers are using digital means to shop (see Exhibit 4). They are also increasingly choosing to engage with brands across digital platforms, such as company-owned and -sponsored websites, search, social networking, and mobile.

Exhibit 4: Digital Deal Hunting

Shoppers Who Participate in Deal-Hunting Activities Before Half or More of Their Shopping Trips



Source: GMA/Booz & Company Shopper Survey, Summer 2010

The growth in digital vehicles is not surprising given the fact that two-thirds of consumers are using digital means to shop. They are also increasingly choosing to engage with brands across digital platforms, such as company-owned and -sponsored websites, search, social networking, and mobile.

Imposing Order on Vehicle Proliferation

As consumers in shopping mode pop up everywhere along the path to purchase, the number of vehicles needed to reach them is expanding far beyond those traditionally employed in-store. This study identified 49 vehicles that represent a snapshot in time of the current range of vehicles available to shopper marketers. Of course, the list will change over time as new vehicles emerge and current vehicles are tested.

This ongoing vehicle proliferation creates a major challenge for shopper marketers, who must find a way to make all of the touch points at which shoppers engage with their brands more consistent. Whether an integrated shopper marketing structure is in place or shopper marketing is managed in separate functional silos, greater coordination improves impact and better optimizes spending decisions.

Exhibit 5: Shopper Marketing Taxonomy

	Displays & In-Store Advertising	Deals	Relationship Marketing	Social Media	Search	Thematic Content	Apps
Platforms	Off-Shelf Display/Advertising	FSIs/Circulars	Direct Mail	Branded Communities	Sponsored Results	Blogs	Price Comparison
	On-Shelf Display/Advertising	Rebates	Newsletters	Product Reviews	Product/Price Comparison	Microsites	Store Locators
	Packaging/Merchandising	In-Store Coupons	Access to Offers/Events/Samples	User-Generated Content	Mobile Search	Retailer Sitelettes	Barcode Scanners
Vehicles	In-Store Sampling	Coupons at Checkout	Personalized E-Mail	Social Shopping	Product Availability	Short-Form Video	Shopping Lists
	In-Store Events	Printable E-Coupons	Text Messages/SMS	Word-of-Mouth Marketing	Virtual Display	Digital Magazines	Shopping/Purchase
	In-Store Video	E-Circulars	Personalized Storefront	Micro Sponsorships		2-D Barcodes/QR Codes	Product Research
	Digital Kiosks/Interactive Displays	Direct-to-Card Coupons		Social Gaming		Interactive TV/Apps	Product Availability
	Handheld Scanners/Smart Carts	Mobile/Location-Based Deals				Augmented Reality	

Source: Industry interviews; Booz & Company analysis

To help meet these challenges, this study offers a taxonomy of shopper marketing vehicles organized into seven major vehicle platforms (*see Exhibit 5*). The platforms were validated in interviews conducted with CPG manufacturers, retailers, and shopper marketing agencies.

Vehicle Adoption Rates

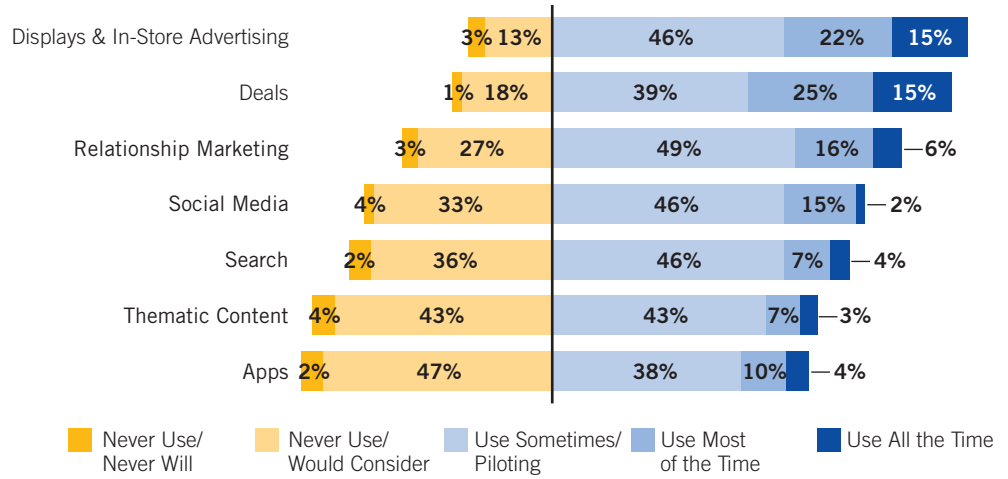
The adoption rates among the platforms vary widely. As expected, the platforms that contain the more traditional vehicles and deal-driven vehicles are most widely used—more than three-quarters of shopper marketers are using them some or all of the time. But even platforms that contain relatively new and unproven vehicles, such as thematic content and apps, are being used by a majority of those surveyed (*see Exhibit 6*).

There is a great deal of variation in vehicle adoption rates too (*see Exhibit 7*). As with platform adoption rates, the more mature and deal-driven vehicles within platforms tend to have higher adoption rates. Other digital vehicles such as microsites, word-of-mouth marketing, and search are also gaining broader adoption as shopper marketers increasingly seek to capture shoppers' attention earlier on the path to purchase and to deliver branded experiences. The wide variation in vehicle adoption rates highlights the tremendous amount of experimentation that is going on as companies strike out for the frontiers of shopper marketing in their quest for more effective ways to engage shoppers and collaborate with retailers.

Exhibit 6: Vehicle Adoption Rates by Platform

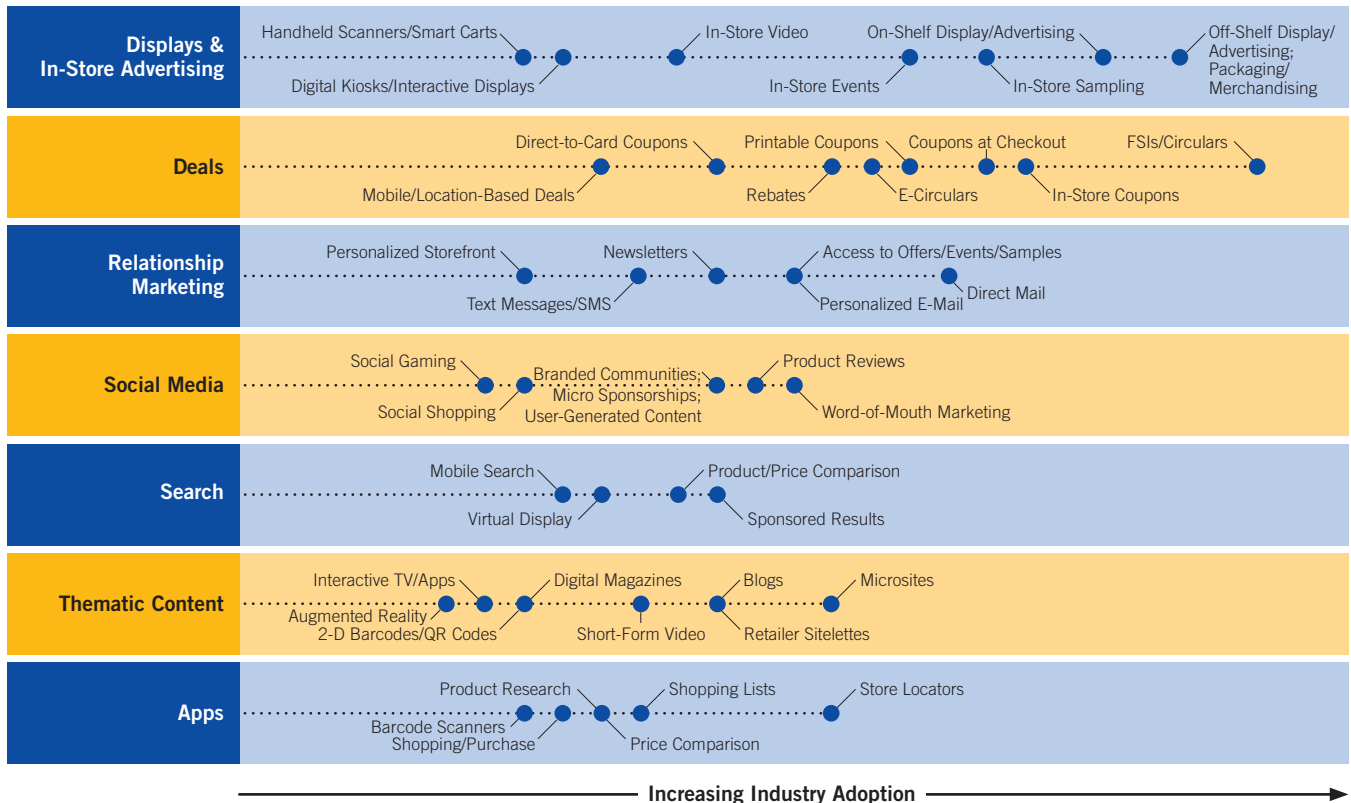
Overall Distribution of Adoption Responses by Platform

("On average, to what extent are you using the following shopper marketing vehicles?")



Note: Numbers may not total 100 percent due to rounding.
 Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010

Exhibit 7: Vehicle Adoption Rates Within Platforms



Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010

Section Two

Raising Your Return on Shopper Marketing

The fast growth and creative flux in shopper marketing make this an exciting time for shopper marketers, as well as everyone they work with across the marketing and media ecosystem. But it is also a time that is characterized by significant complexity and uncertainty. To cope with these conditions, successfully navigate all of the innovation occurring in the shopper marketing space, and raise their returns, companies must remain focused on the fundamental elements and process of effective shopper marketing and build playbooks that can help them identify and scale the best ways to execute them.

Turning the Shopper Marketing Wheel

The process of shopper marketing is like a wheel that turns to produce financial results and brand health (see *Exhibit 8*).

Exhibit 8: Key Shopper Marketing Best Practices



Source: Booz & Company

Insights about what shoppers want and why they behave as they do are the currency of shopper marketing. They provide the basis for more effective calendars of events around which annual shopper marketing programs can be organized and integrated.

Shopper marketers must also apply insights to engage retailers in more effective collaborations, enabling a shift from buying into retail programs to helping to shape them. This will create a deeper, more meaningful dialogue with retailers and build account productivity. It demands an intimacy with retailers that goes beyond building sales relationships with category merchants. Creating this level of intimacy is probably not something that should be completely outsourced (though working with an agency with strong retailer insights can add

significant value to building retailer intimacy). True retailer intimacy for shopper marketing depends on myriad connections between manufacturers and retailers across functions.

Brand strategies are the basis for more engaging and compelling messages. Leading shopper marketers focus their creative efforts on the opportunities defined in their strategies and then choose the most effective means of delivering those messages. This usually means choosing a limited number of carefully focused platforms that are supported by corresponding capabilities. It also requires scalable approaches that can be rolled out repeatedly, producing consistent results.

Finally, shopper marketers need to measure the results of their work and analyze outcomes in order to refine their shopper insights and keep the wheel turning. This requires that they measure brand health to determine if they are achieving their objectives, and ROI to ensure that they are spending properly and getting the most bang for their buck.

The best means for keeping the wheel turning will always differ based on the unique objectives of brands, the conditions that shopper marketers face, and the means—in terms of budget and capabilities—that they have at their disposal. This is where the marketer's options begin to multiply, and complexity and uncertainty arise.

To cope with complexity, shopper marketers need an ordered and rigorous approach to the many innovations at their disposal. The first step in such an approach is the creation of scalable campaign playbooks. **(Skip to page 21 if you have limited time and want to read about the playbook options first, before reading the rest of this report.)**

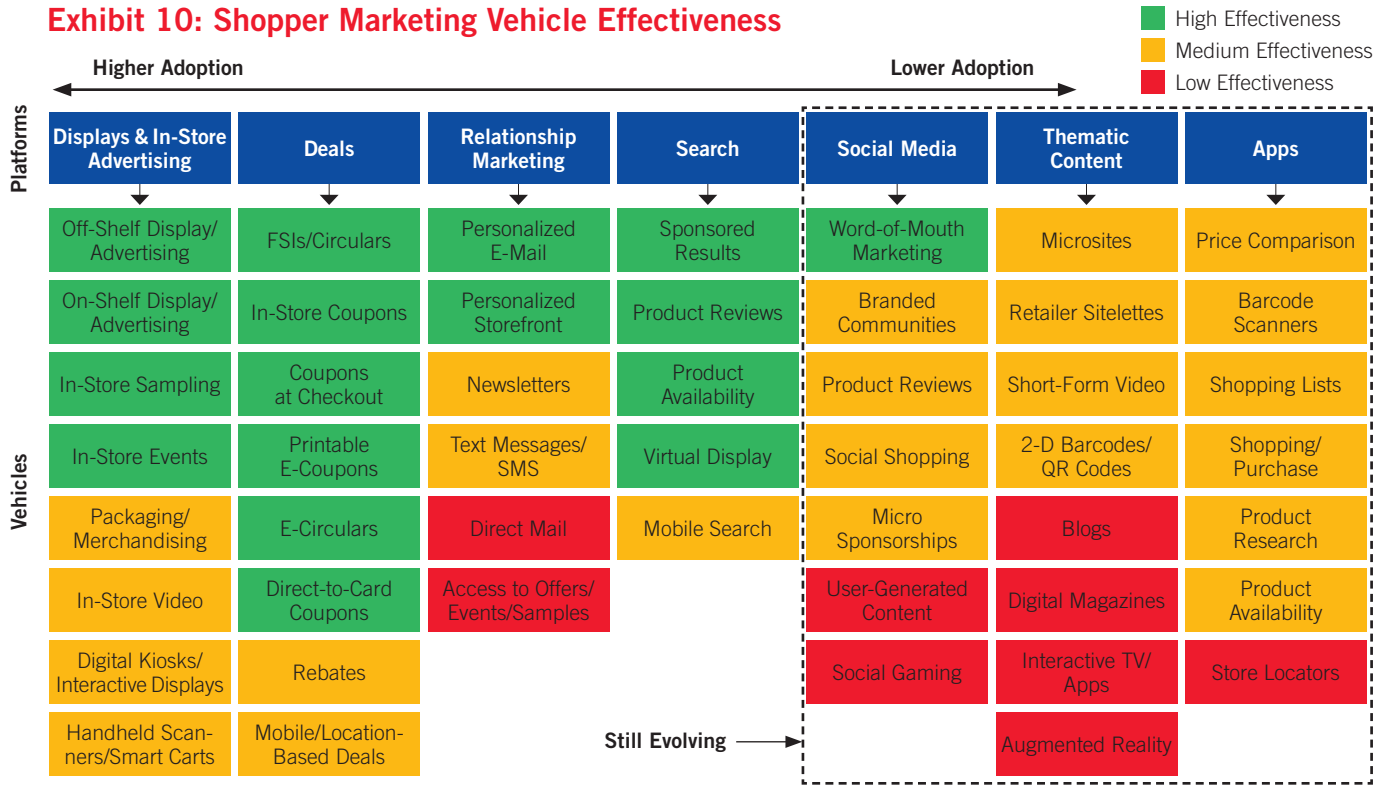
A good playbook enables shopper marketers to quickly identify their best choices from a full range of options. It can be customized and quickly brought to scale. Creating and using a playbook requires rigorously addressing four key steps (see *Exhibit 9*).

Exhibit 9: Building a Customized Playbook



Source: Booz & Company

Exhibit 10: Shopper Marketing Vehicle Effectiveness



Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA Booz & Company Shopper Survey, Summer 2010

Gauging Vehicle Effectiveness

Ultimately, the uptake rate of any shopper marketing vehicle is driven by its effectiveness in eliciting specific shopping behaviors and delivering results. This study surveyed shopper marketers, as well as shoppers themselves, to determine the current effectiveness of established and emerging vehicles and assess which shopper marketing platforms and vehicles are best at influencing specific objectives along the path to purchase.

The list of the most effective vehicles contains a mix of conventional and digital vehicles. As noted above, established vehicles are generally seen as more effective. It is also notable that the platforms that are perceived by shopper marketers to have the highest percentage of effective vehicles are deals and search—the two platforms in which ROI is most easily and most regularly measured (see Exhibit 10).

A Vehicle Investment Matrix

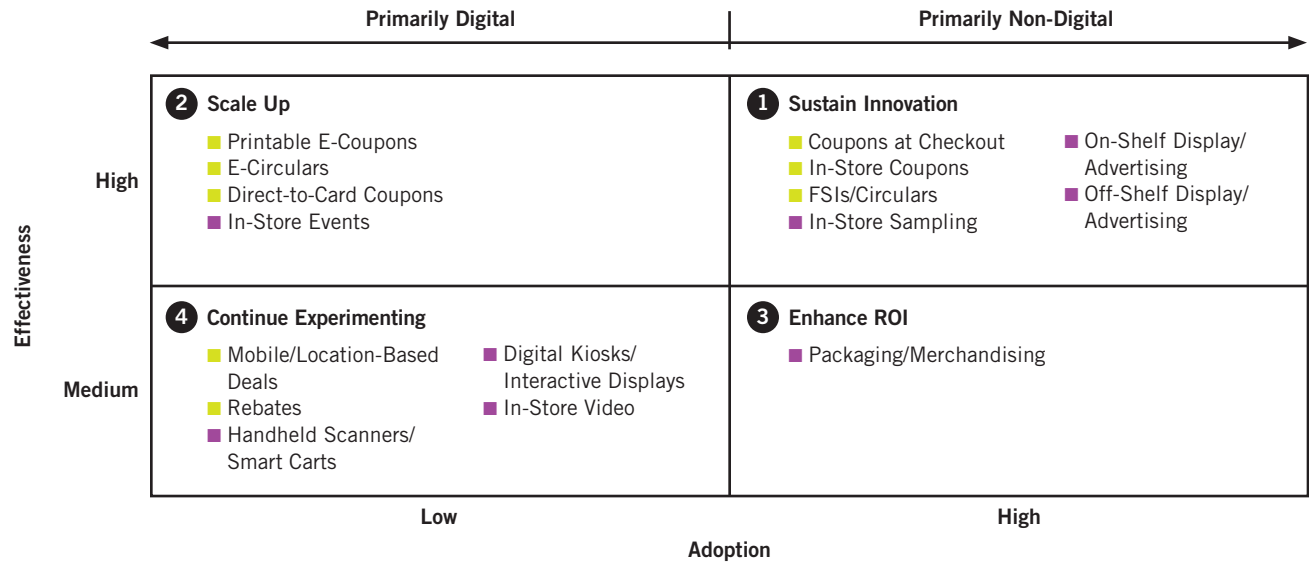
Vehicle adoption levels and their perceived effectiveness provide a useful overview of the shopper marketing tool kit. They also produce valuable insights for shopper marketers as they consider the investment and development parameters that are most suitable for each vehicle, and how to focus their investments on fewer and more effective vehicles and build scalable playbooks around them in order to maximize their returns.

To help shopper marketers focus their attention, we have identified the most effective vehicles in each platform and constructed an investment matrix that offers insight into the best form of investment for each platform. For ease of reference, these are grouped by the relatively higher-adoption displays and in-store marketing and deals platforms (see Exhibit 11), as well as those platforms that are more digitally focused and earlier in their life cycle (see Exhibit 12).

Exhibit 11: An Investment Matrix for Displays and In-Store Advertising and Deals

Adoption and Effectiveness Against Core Objectives
(Medium- & High-Effectiveness Vehicles Only)

- Deals
- Displays & In-Store Ads

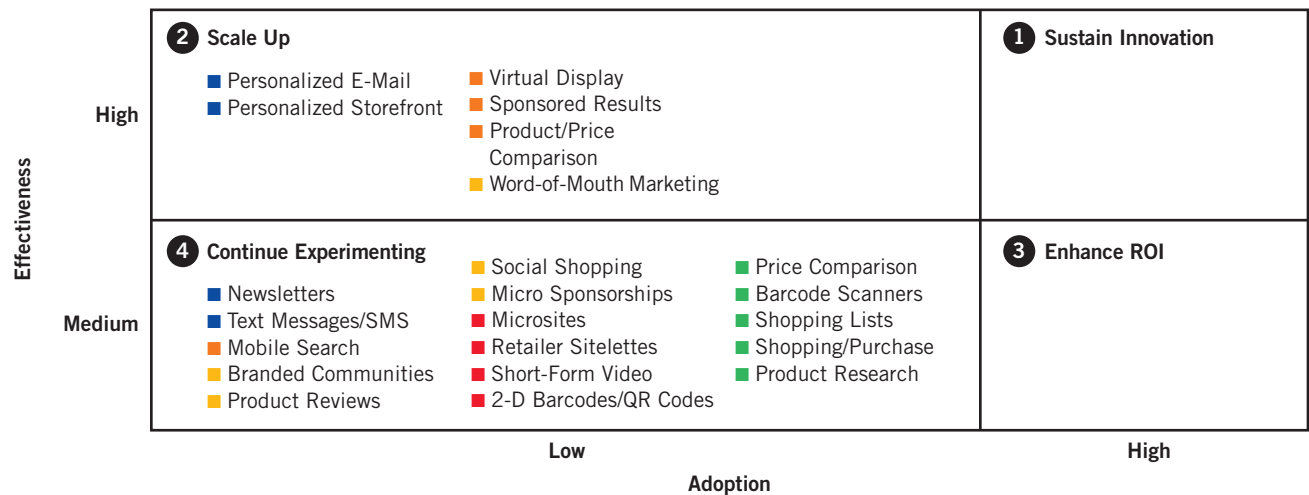


Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

Exhibit 12: An Investment Matrix for Digitally Focused Platforms

Adoption and Effectiveness Against Core Objectives
(Medium- & High-Effectiveness Vehicles Only)

- Relationship Marketing
- Search
- Social Media
- Thematic Content
- Apps



Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

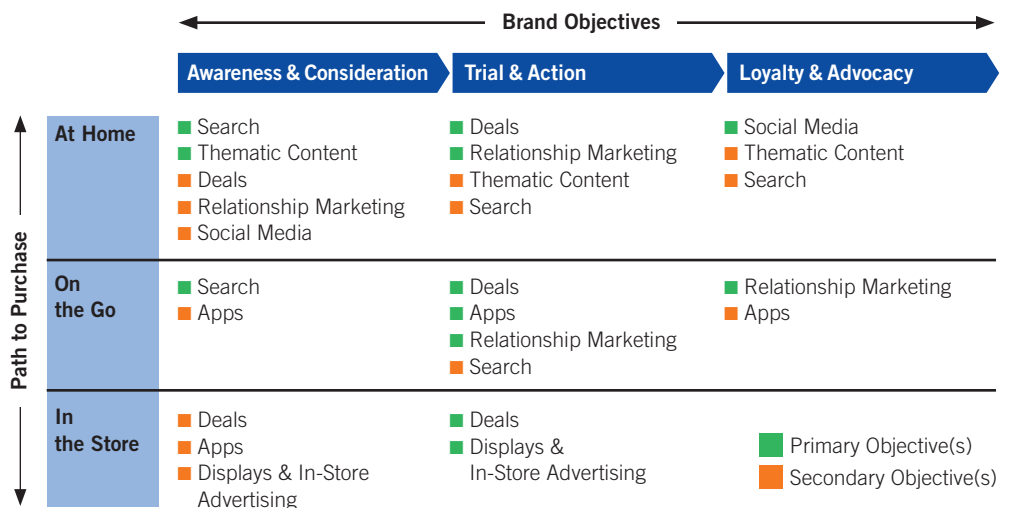
The sets of vehicles included in Exhibit 11 and Exhibit 12 exclude those ranked as having low effectiveness today.

The four quadrants in the matrices suggest the following investment guidelines:

1. *Sustain innovation (high adoption, high effectiveness)*: Vehicles in this quadrant are typically already well-established and feature proven ROIs. Investments in these vehicles may be aimed at further innovation to keep them fresh and relevant.
2. *Scale up (low adoption, high effectiveness)*: Vehicles in this quadrant are underutilized and offer an opportunity to capture shopper attention and enhance differentiation. Greater investment aimed at scaling these vehicles may be merited.
3. *Enhance ROI (high adoption, medium effectiveness)*: Vehicles in this quadrant are widely used but have not yet reached their full potential. Experiments with these vehicles should be focused on fine-tuning them in order to enhance ROI; otherwise they should be scaled back to fund other programs.
4. *Continue experimenting (low adoption, medium effectiveness)*: The vehicles in this quadrant tend to be newly emerging and their potential has not yet been fully determined. Thus, investments in these vehicles may be more limited in scale and experimental in nature, focused on determining the vehicle's true potential.

Assessing vehicle effectiveness overall is not enough to prioritize investment in a more focused set of vehicles. Shopper marketers also need to assess which vehicles best fit their specific brand objectives. To help address this need, this year's study identified which vehicles align best with specific brand objectives, ranking them as primary or secondary in terms of their overall alignment to these objectives (see Exhibit 13).

Exhibit 13: Best-Fit Alignment of Shopper Marketing Vehicle Platforms to Brand Objectives



Note: Primary objectives are those for which more than 40 percent of industry respondents use the platform for a given objective. Secondary objectives are those for which less than 40 percent of industry respondents use the platform for a given objective. Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010

New digital platforms provide valuable opportunities to build stronger direct-to-consumer relationships by creating content and community around the brands, and greater access to the data needed to improve the targeting of offers and equity messages. They also provide a significant opportunity to enhance investment transparency and accountability.

Traditional vehicles: More traditional vehicles, which are concentrated in the displays and in-store advertising and deals platforms, are still being used primarily to drive trial and purchase. This makes sense, given that the majority of purchase decisions are made in the store and in-store marketing's historic focus has been to "stop, hold, and close."

The displays and in-store advertising and deals platforms work well in concert. For instance, national coupon drops serve to increase velocity, encouraging retailers to put product on display to meet and capitalize on demand spikes. As the number of vehicles in the deals platform has expanded, so too have shopper marketers' options for driving trial and purchase out of the store. As an example, they are funding coupons sent to a targeted set of a retailer's loyalty program members via direct mail or e-mail to provide greater offer and message personalization.

Leading shopper marketers are not focusing exclusively on driving trial and purchase. For instance, the use of the displays and in-store advertising and deal platforms to build awareness and consideration is rising as shopper marketers coordinate their in-store marketing activities more closely with trade promotions. This enables them to provide greater share of in-store real estate, deliver the right equity messages based on their investment in shopper insights, and enhance the effectiveness of trade events.

More companies are also recognizing the opportunities in the fact that the best in-store marketing activates equity closer to the point of purchase *and* drives shoppers to put the brand in the cart. As a result, in-store advertising vehicles have proliferated and are sometimes combined with out-of-store advertising to build more integrated campaigns.

Digitally focused platforms: As leading shopper marketers seek to address the entire purchase funnel and enhance their ability to engage with shoppers along the full path to purchase, they are also seeking to better integrate their shopper marketing investments with the broader advertising and promotions mix. New digital shopper marketing platforms, including search, thematic content, social media, relationship marketing, and apps, offer design and execution versatility in this regard. For example, the search platform is top ranked for building awareness when consumers shift into shopper mode at home, but it can be just as effective at driving action by leading consumers to deals.

Of course, some digital platforms are better suited for specific primary objectives. The thematic content platform is used most effectively to build branded experiences that reinforce awareness. Thus, many companies are investing in building their own media assets and leveraging their digital advertising to drive traffic to their own sites and apps. The relationship marketing and social media platforms are used primarily at the bottom of the funnel to build loyalty. They are best suited to retention marketing programs and enhancing engagement among the most loyal brand zealots.

New digital platforms provide valuable opportunities to build stronger direct-to-consumer relationships by creating content and community around the brands, and greater access to the data needed to improve the targeting of offers and equity messages. They also provide a significant opportunity to enhance investment transparency and accountability. Finally,

forward-thinking manufacturers can use their investments in digital capabilities to redefine how they collaborate with retailers—driving category growth and providing mutual benefit.

Leading retailers recognize that digital shopper marketing platforms provide an opportunity to strengthen their loyalty programs and enhance their access to data. But the ability of retailers to control access to shoppers and dictate how shopper marketers can communicate with them is far less pronounced on a PC at home or on a mobile smartphone. Success in achieving these advantages on a sustained basis will often hinge on a retailer’s commitment to invest and share benefits with manufacturers.

Playbook Options by Objective

A primary goal of this year’s study was to identify vehicle effectiveness by marketing objective—a prerequisite in building shopper marketing playbooks. Toward that end, we have mapped the most effective shopper marketing vehicles to create a set of frameworks that are organized by objective along the purchase funnel. By using the frameworks, manufacturers and their retail trading partners can focus their attention on a more precise set of options, as follows:

Awareness and consideration (see Exhibit 14): Search is the most effective platform for driving awareness and consideration. In-store vehicles, such as off-shelf displays, are also effective awareness builders. Thematic content can build consideration, and many shopper marketers and retailers are actively seeking to develop a broader suite of content offerings, such as recipes, how-to videos, and task-oriented websites. Despite rising adoption rates, other in-store and on-the-go digital vehicles, such as apps and in-store video, remain something of a work in progress and will require more experimentation before playing a large role in the playbook.

Exhibit 14: Most Effective Vehicles for Awareness and Consideration

■ High Effectiveness
 ■ Medium Effectiveness

	Displays & In-Store Advertising	Deals	Relationship Marketing	Social Media	Search	Thematic Content	Apps
Platforms	Off-Shelf Display/Advertising	E-Circulars	Text Messages/SMS	Branded Communities	Sponsored Results	Microsites	Price Comparison
Vehicles	In-Store Events			Product Reviews	Product/Price Comparison	Short-Form Video	Barcode Scanners
	In-Store Video				Virtual Display	2-D Barcodes/QR Codes	Shopping/Purchase
	Digital Kiosks/Interactive Displays				Mobile Search		Product Research

Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

Exhibit 15: Most Effective Vehicles for Trial and Purchase

■ High Effectiveness
 ■ Medium Effectiveness

	Displays & In-Store Advertising	Deals	Relationship Marketing	Social Media	Search	Thematic Content	Apps
Platforms	Off-Shelf Display/Advertising	FSIs/Circulars	Personalized E-Mail		Product Availability	Retailer Sitelettes	Price Comparison
	On-Shelf Display/Advertising	In-Store Coupons	Personalized Storefront		Mobile Search		Shopping Lists
	In-Store Sampling	Coupons at Checkout					Shopping/Purchase
Vehicles	In-Store Events	Printable E-Coupons					Product Availability
	Packaging/Merchandising	E-Circulars					
	In-Store Video	Direct-to-Card Coupons					
	Handheld Scanners/Smart Carts	Rebates					
		Mobile/Location-Based Deals					

Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

Trial and purchase (see Exhibit 15): Deals and in-store vehicles are viewed as most effective overall by shoppers and shopper marketers—and the top vehicles include a healthy mix of traditional and digital vehicles. Shopper marketers perceive newer vehicles, such as apps, as action-focused, but do not yet rate them as highly effective.

While the traditional vehicles in the displays and in-store advertising and deals platforms, such as off-shelf advertising, sampling programs, and in-store events, can help cut through the clutter and get beyond price, significant additional operational complexity is often required to customize them for and sell them to individual retailers. Building a stronger capability to integrate these vehicles with either promotions or brand advertising is also often required to maximize their impact. Thus, it is crucial to have a strong measurement capability to gauge their true incremental impact.

At the same time, there is a great deal of experimentation with newer digital vehicles that allow greater targeting. Chief among these are efforts to tap into retailer loyalty programs and new digital distribution platforms—an area that media companies, including Google, Yahoo, AOL, iVillage, and Gannett, are actively pursuing. They are enabling shopper marketers to target time of day, geographic location, and even a specific retailer's shoppers.

Exhibit 16: Most Effective Vehicles for Loyalty and Advocacy

■ High Effectiveness
■ Medium Effectiveness



Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

Loyalty and advocacy (see Exhibit 16): Shopper marketers identify relationship marketing and social media platforms as best aligned to the objectives of loyalty and advocacy. But they are still refining approaches to relationship marketing, and social media is seen as a high-potential area that requires further development.

While there is significant buzz around Facebook and Twitter, the greatest focus for spending and management attention is on building branded content and community through manufacturers’ and retailers’ websites and mobile applications. Many leading manufacturers and retailers recognize the strategic value of building a large database of registered shoppers that they can use to target marketing messages and offers more effectively. Mobile is also raising the stakes for investments in content and community—eroding the retailers’ control over access to shoppers and offering shopper marketers the ability to reach shoppers in the aisles on their own. Given their youth and the lack of a sustained track record in measuring the results of different campaigns, these digital vehicles are still early in their adoption life cycle.

Section Three

Conclusion

Don't Forget Capabilities

Imposing order on the vehicle proliferation in shopper marketing is an important task, but shopper marketers shouldn't lose sight of the crucial role that capabilities play in getting the most leverage from the vehicles at their disposal. Even the most creative and insightful playbook cannot deliver ROI and brand health if the shopper marketing organization cannot successfully execute it.

The shopper marketing wheel (*see Exhibit 8*) offers a glimpse of the capabilities that will be most important in years ahead. They include the following:

- The ability to generate shopper insights. This is a prerequisite to creating a lasting emotional connection with frugal consumers in a deal-driven environment.
- The ability to collaborate with retailers and create a scalable calendar of events that supports retailers' drive periods. This will be increasingly crucial, as the power of retailers continues to ascend and they build stronger connections to shoppers.
- The ability to evaluate, use, and integrate new vehicles as they appear, especially on shopper marketing's digital frontier.
- The ability to build integrated marketing efforts that work "store back." This will require the elimination of sales and marketing silos and greater coordination across shopper marketing, brand advertising, promotions, merchandising, and events.
- Finally, the always-critical ability to accurately measure shopper marketing effectiveness on a timely basis and in ways that include both brand health and ROI. This capability is a primary source for the continued generation of insight.

Of course, capability building is an enormous task in and of itself. It takes hard work, a sustained effort, and careful attention to the right recipe for success to build a functional capabilities system. This recipe includes insights and analytics, talent, processes, collaboration with the right partners with defined roles and measurable objectives, and investment in technology.

The winners in the long term will be those companies that take leadership roles in developing the capabilities required to generate shopper insights and retailer intimacy.

Shopper marketing is earlier in its life cycle than other key marketing and sales capabilities, such as building brand advertising campaigns or enhancing the impact and return on investment from trade promotions. But the stakes are high for decisions about where to invest in shopper marketing, what capabilities to build, and with whom to partner: They go to the heart of sales and marketing strategy, and the quest to build lasting brands and drive sustainable growth.

Building shopper marketing capabilities will require considerable attention and investment, as well as leadership that cuts across cross-functional organizational boundaries. To build a well-oiled shopper marketing machine, companies need to break down silos and integrate their marketing efforts—in fact, this integration and the improved results that come with it are one of shopper marketing's greatest dividends.

This year's study confirms that shopper marketing is here to stay, and it offers actionable recommendations. But this young discipline is changing fast. The winners in the long term will be those companies that take leadership roles in developing the capabilities required to generate shopper insights and retailer intimacy. They will pick their bets carefully when deciding where to focus investment and what combination of platforms and vehicles to scale up for a winning playbook. They will attract the best talent and combine it with a disciplined, analytically driven approach to measurement. And they will leverage their success to integrate shopper marketing more effectively with their existing capabilities for advertising and promotions. It is truly an exciting and challenging time to be a shopper marketer.

Study Methodology and Overview

The purpose of the fourth shopper marketing study conducted by GMA was to gain a better understanding of the emerging discipline of shopper marketing, advance its practice, and assist in the quest to garner the greatest value from the substantial and ongoing investments. Toward these ends, the study was designed with these goals:

- Identify the current set of shopper marketing vehicles, and survey shopper marketers and consumers to determine vehicle maturity and effectiveness
- Gain insight into the adoption rates, as well as current and future potential, of newer shopper marketing vehicles
- Organize shopper marketing vehicles into a taxonomy, and determine vehicle applicability at each stage of the purchase funnel
- Create a set of frameworks that can enable manufacturers and their trading partners to quickly create customized and scalable shopper marketing playbooks for specific campaigns

To accomplish these goals, Booz & Company undertook a research campaign that included a shopper survey, an industry survey, select one-on-one interviews, analysis, and the preparation of this report.

The shopper survey was composed of two parts. The first (n = 2,006) was conducted in July 2010; the second (n = ~700) was conducted in August 2010. Their goals:

- Deepen insights into shopper behaviors along path to purchase across shopper segments, categories, and retail channels
- Determine unmet consumer needs and pain points that can be better addressed by vehicles
- Gain further insights into how different vehicles can address shopper pain points and align with marketing objectives along path to purchase

The industry survey (n = 34) was conducted in August 2010 and included manufacturers representing a range of categories and over \$200 billion in global sales, retailers, and shopper marketing agencies. Its objectives:

- Assess adoption rates of different shopper marketing vehicles
- Validate which vehicles align best to specific marketing objectives
- Gauge the perceived relative effectiveness of different vehicles from an industry perspective

In addition, Booz & Company conducted 28 in-depth interviews across the shopper marketing ecosystem with senior executives from leading shopper marketing agencies, CPG manufacturers across categories, retailers across formats, and shopper marketing technology providers. These interviews, along with the deep experience of Booz & Company's Consumer, Media, and Digital practice and valuable input from GMA's Shopper Marketing Steering Team, provided a broad perspective on the actions that shopper marketers can take to optimize their results, build brand health, and better serve consumers.

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