

The Value of Shopper Marketing at the Retail Level

Today's retail environment is much more complex than it was back when the mom-and-pop corner store was the only place in town to buy a loaf of bread. Today, most cities have a handful, if not dozens, of chain grocery stores selling the same products, a Sam's Club or Costco offering deep discounts on bulk purchases, and even online grocers to compete against.

Shopper marketing is more important than ever, and spending on this form of marketing is only projected to increase in years to come. The shopper state of mind and unspoken needs that influence buying behavior are factors retailers cannot afford to ignore.

What is Shopper Marketing?

The key to shopper marketing lies in understanding the difference between the consumer and the shopper. The "shopper" is the consumer's alter ego or mindset as they move through the retail space with the intention of making a purchase. This mindset is based on expectations of the experience, previous visits, and the retailer's reputation.

It may seem that shopper marketing is limited to in-store experiences and a two-for-one discount. Although product offerings, point-of-purchase displays, shelf configuration, lighting, discounts, and in-store advertisements are all components of shopper marketing, the very essence of great marketing efforts lies in understanding the consumer mindset when they are experiencing the retailer's brand — whether they are in-store, out and about, or at home.

The key to turning this understanding into sales is the ability to make a relevant impression with the shopper. Retailers that are the most successful at shopper marketing have found ways to intersect with the lives of their customers outside the retail environment as well.

You Can't Discount Your Way to Loyalty

Loyalty is what retailers are looking for, yet only <u>26 percent</u> of consumers are loyal to the average retailer. You can't discount your way to loyalty.

The way retailers earn customer loyalty is by providing relevant value, building a sense of community, and showing shoppers you understand their lives. Start by identifying your retailer's point of difference and how that can help meet the needs of your key customer base in-store. What instore convenience services do your customers value? Are there specific product categories in which you should expand your offerings? Is there a way to improve your loyalty program to give customers more of things they really want?

Next, find ways your retail brand can interact with consumers outside the store. Is there a local cause near and dear to the heart of your customer base? Community outreach programs like food drives,



adopt-a-pet event sponsorships, and even stocking produce from local farmers are all effective ways to connect with consumers beyond the cash register.

Retailers That Excel at Shopper Marketing

Safeway's "Ingredients for Life" campaign is a great example of effective shopper marketing. The literal and figurative interpretation of "ingredients" implies that Safeway provides much more than food for their shoppers — they help fulfill a family's needs with everything from nutrition information, cooking instructions, work and play — the ingredients of life. They found a way to connect with shoppers beyond a price discount.

Another retailer with an effective shopper marketing strategy is Kroger. Many years ago, they partnered with dunnhumby, a data analysis firm, to gain insight about their customers' buying behavior and leverage the power of their frequent shopper program. By segmenting customers and rewarding them with more of what they already buy, they've created a deep, lasting customer loyalty.

The Value of Shopper Marketing for Retail

Understanding the shopper mindset is crucial to keep customers returning week after week. When a retailer promotes to a specific shopper, rather than consumers at large, the customer can tell the difference.

A strong shopper marketing strategy will also deliver results in the following areas:

- Increase category traffic to the aisle or department of focus (which we know category buyers are looking for)
- Create excitement around your products
- Generate above-average sales
- Bring in new customers and retain existing shoppers

Thanks to the supermarket saturation of national brands, shoppers can buy the same brand of cereal or toothpaste at any store in the area. Shopper marketing promotes loyalty to one retailer, ensuring shoppers will be buying their cereal and toothpaste from you.