Digital Shopper Marketing

Lesson 1: Perspectives & Context
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The Path to Purchase Institute is grateful for the collaborative relationships it maintains with many of the marketing industry’s foremost thought leaders.

Among the companies whose public work has helped inform this course are: Adroit Digital, Arc Worldwide, Business Insider, comScore Inc., Deloitte, e-tailing group, eConsultancy, Forrester Research, GfK, ExactTarget, IN Marketing Services, Integer Group/MARC Research, Ipsos, IRI, Mary Meeker/Morgan Stanley, Nielsen & Co., Shoptology, Sklar Wilton & Associates.

A special note of gratitude goes out to Catapult for generously providing its time and talent as the course’s official Industry Collaboration Partner.
So let's begin with a little history, a little stage setting, and a look at the current perspectives about digital shopper marketing. We'll look at the way digital technology has irreparably disrupted the field of marketing communications, we'll talk about the scope and the "definition" of digital shopper marketing, and why the word "definition" is in quotation marks, and we'll debunk three of the more common myths about digital shopper marketing that in some ways have probably hindered its progress as an effective method of engagement.

Let's start with a little exercise that we call Digital Shopper Marketing, or Not? Just so we're all clear on the scope of what we'll be talking about today.

Here's an easy one. On the left we have a take-one dispenser at Walgreens. Obviously not digital. On the left we have an interactive, internet-enabled kiosk at Macy's. Obviously digital, despite it's location in a physical store.

But what about these? What happens when tactics start blurring together like we see here? We've got two cardboard shelf signs like the kind that have been used for decades. The medium itself is not digital, of course, but look at the message. The sign on the left directs brick-and-mortar shoppers to walgreens.com for a broader selection of vitamins than what they can find right there on the shelf. On the one on the right employs a QR code to steer shoppers online for some helpful information about child care. Are both of these examples of digital shopper marketing. We'd say yes, although the rigid, siloed structure of your marketing organization might say otherwise.
Now things might start getting a little hinky again here, where we move into the mobile realm — which is always digital, obviously, but might not necessarily be digital shopper marketing because it can so easily be intertwined with other activities. These two examples here again are most definitely DSM, a mobile app from AMP Energy that we'll be hearing about in our case study discussion, and an ad for Hillshire Farm that ran within a third-party app that helps consumers build shopping lists.

So the main takeaway from this little exercise was to illustrate the fact that digital shopper marketing isn't some entirely separate thing, that it can and should be woven in and out of the overall marketing plan — and even in and out of the physical store environment. That's good, because that's exactly how shoppers are using digital tools. And that's a concept will be discussing a lot during the course.
So let’s start with a quick look back at the good old days of marketing communication, when this scene was taking place in pretty much every home across the United States. If you wanted to reach moms, and dads, and kids, you advertised on TV in prime time. Throw in some radio advertising and some print ads in newspapers and consumer magazines and your job as a product marketer was pretty much done.

Consumers were passive creatures with almost control over the media they consumed and the marketing to which they were exposed. Shoppers were consumers who went to the neighborhood store to buy all the products they'd already made up their minds to buy after watching TV, listening to the radio and reading magazines.

But it's been a long time since TV was the bright shiny new technology. A very long time. And since that time, the world has gone through six major technological cycles that have systematically transformed consumers from those passive creatures sitting around the TV to informed, assertive people who are consuming media and buying products on their own terms.
This chart shows the six major technology eras of the last 50 years, as presented by the famous Mary Meeker of Morgan Stanley with one addition at the end from us. And you can see what's happening as you track through the five eras. It starts in the 1960's with giant mainframe computers that were really big, really expensive, and really rare. In the 1970s they got small enough to become fairly commonplace in the work environment. And then came the 1980s and Bill Gates famous goal of putting a desktop computer in every household. In the '90s technological advancements moved from hardware to software, and the Internet arrived to start putting the world's collective knowledge into every single household.

And then came mobile, so that consumers with smartphones could now carry all of that information around with them wherever they went. And now we've got the Internet of Things, which is turning every piece of technology around us into a smartphone.

And each step along the way has steadily and continuously shifted control of media and media consumption away from corporations and advertisers and literally right into the hands of consumers.

Source: Mary Meeker/Morgan Stanley/P2PI
But another point worth mentioning is that the pace of change was relatively slow through these eras. Major developments have been coming at us a lot faster and a lot more furiously over the decade or so. And here you see the evolution of the internet since the World Wide Web made online surfing possible for the average consumer back in the early 1990s.

And this is how all that information came into the hands of the average consumer. And with knowledge of course comes power, as they say. And among these milestones are a few noteworthy developmental areas on the internet that were the most critical in shifting shopper control away from brand marketers and retailers and toward consumers.

So of course shopping tools were an early development on the internet. But at first shopping was still a wholly distinct activity, because consumers had to go to a specific destination in order to shop. In the very early days it was actual marketplaces that had been set up by the internet service providers like AOL and Prodigy. And later it was to a specific website, but still as a store by store experience, so to speak.

But a more important development was the emergence of search engines like Yahoo and especially Google, because it freed up consumers from shopping retailer by retailer and let them start searching directly and specifically for the brands and the products they wanted.

And then the third key development was social media. MySpace and Facebook and Twitter and all the rest. Why? Because consumers now had access to hundreds if not thousands of like-minded individuals were buying and using the same products they were. They didn't need to rely on media advertising to get their product info anymore, they could share it among themselves.
And then once consumers had access to all the information they needed, mobile came along to make it all portable. And what you see here on this slide is the history of the portable communication device, starting back in the early 1990s with pagers and then the first clunky Blackberries. The key date on this slide is, of course, 2007 and the launch of the Apple iPhone, which not only dramatically advanced the technology available in mobile devices but also made everyone on the planet WANT to have a smartphone.

And so penetration levels sped up pretty quickly thanks to the iPhone. And we're now at a stage where the potential to reach consumers through digital media is greater than it's ever been through other media. And of course the ability to reach specific consumers with targeted messages is greater than ever before, too.
And so from the perspective of the marketer's toolbox, here's now we've progressed over the past 25 years. For all intents and purposes, in 1990 you had a trio of traditional mass media channels — TV, radio and print, with of course out of home in there and direct-mail in there, so sure we're taking some dramatic license here. And then you in-store marketing, which as we've already said was largely a completely separate activity conducted by people in a different department. And 25 years later we have a full laundry list of options for reaching consumers and even shoppers, thanks largely to digital. So many options, in fact, that accurately deciding which ones to use has become a harder job than developing the creative and the messaging that will be required to influence purchase decisions.

And as you move through the years you can see the steadily increasing sophistication of digital as a marketing channel. So it started pretty simply in the early 1990s with banner advertising on websites and some activity around search engines. And then the opportunities steadily increased, most notably through a wealth of consumer-controlled vehicles in the 2000s, a whole bunch of new concepts that we're still explaining to our parents and grandparents, and then more recently the introduction of mobile and location-based tools.

What's coming next? Your guess is probably as good as ours. Catapult is expecting a CONVERGENCE of the real world and the digital world, allowing marketers to interact with consumers through both simultaneously — so shoppers using their smartphones to interact with product displays in the store, or Starbucks offering pedestrians a discount on coffee as they walk past the café. And of course we're already experience a fair amount of this kind of activity. The Internet of Things will be how we communicate.

An explosion of tools

Source: ExactTarget
And so all of this new activity and these new methods of communication have disrupted the field of marketing. And the most fundamental way in which it has disrupted things is that *marketers are no longer in charge of the process*.

In the old days of mass media, the marketer determined when and where the communication would take place. In the digital world, the consumer decides. That 30-second TV spot in prime time on Wednesday evening? It'll now be viewed at 8 am on Saturday thanks to DVR — if it doesn't get skipped right over.

The old days of one-way communication, with the brand telling consumers only what it felt they needed to know? They're gone, too. Consumers actually now have questions. What's needed is an open, interactive dialogue between brand and consumer. Because otherwise, consumers will find the answers to their questions somewhere else — and you might not be entirely happy with the answers that they get.

And the old days of sending out one broad branding message to any and all potential brand buyers? Well that's gone, too. Today's consumers want direct, personalized attention — because they now know it's possible, and how to find someone who will give it to them.

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<th>Analog Yesterday</th>
<th>Digital Today</th>
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<td>• Marketer determines when/where</td>
<td>• Consumer determines when/where</td>
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<tr>
<td>• One-way communication</td>
<td>• Interactive dialogue</td>
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<tr>
<td>• Broad message for all</td>
<td>• Relevant, contextual messaging</td>
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So, how has all this digital disruption changed the definition of shopper marketing? Actually, NOT AT ALL. Because no matter how much disruption takes place and how much shopping behavior might change, the primary mission of shopper marketing remains the same.

Here's our definition of shopper marketing, and if you've taken any of our other courses you're very familiar with this. Shopper marketing is a cross-functional discipline designed to improve business performance by using actionable insights to connect with shoppers and influence behavior along the path to purchase. That definition can remain the same.

And we're strongly advocating that there shouldn't BE a separate definition for DIGITAL shopper marketing, because it shouldn't be treated as a separate function. It just means that shopper marketers have a lot more tools to worth. And will discuss that in greater detail in a few minutes.

Lens widens, but core definition stays the same

**SHOPER MARKETING:**

A cross-functional discipline designed to improve business performance by using actionable insights to connect with shoppers and influence behavior along the path to purchase

Source: Path to Purchase Institute
But of course what HAS changed are those last three words. The PATH TO PURCHASE has changed in so many different ways that marketers are still trying to figure them all out — and anytime they might get close to doing so, it changes again. Keeping up with shoppers today is far more complex than it ever was in the past.

And so the classic path to purchase, the linear purchase funnel in which consumers went from awareness to consideration to purchase pretty simply and without too many sidetracks isn't often the case anymore. This is the basic path to purchase model that we use in all of our courses, and this kind of simple purchase cycle is rarely the case anymore, either.

Source: GfK/Path to Purchase Institute
Now it looks something more like this — or perhaps something completely different. This is a model that Catapult has used for awhile, and having to account for this level of complexity is very challenging. As Matt DePratter puts it, "It's hard to plan against splatter on the wall." The reality is, due to digital tools and mobile capabilities, this person is in multiple places on that path to purchase simultaneously. They shifting from planning, shopping, buying and experience from one second to the next, and sometimes doing more than of those things at the same time. And so one of the things we need to discuss in this course is how to try to make some sense of this kind of amorphous, fluid framework.

Whether we realize it our not, consumers are now looking at their phones every 7 seconds. And every time they look at it, they interact with it for about three seconds before putting it back down. So there are a LOT of ways for marketers to reach consumers and shoppers these days. But we have to work hard to make sure to understand what the most effective ways are.

Source: Catapult/Path to Purchase Institute
And there are ways that you can segment these behaviors and these tools so that you can start making some sense of them and start figuring how they might fit into your overall shopper marketing plans. And here's a very simple way that Catapult does that. You start by looking at where the tools are used, or maybe more importantly where the shopper is when she's using the tools.

AT HOME. When you really think about it, it's primarily about data consumption when people are in the home. They're watching TV, they're streaming something on our tablet, and they're using their smartphones to look up something they just saw on the TV. It's all about content and finding information. So it's heavy on the pre-shop and the post-shop activity, the planning and the post-experience sharing. So it's retailer, brand and even lifestyle websites. It's email. And it's some of the slower-moving areas of social media, like a Facebook or maybe a YouTube.

As for ON THE GO, it's more about quick hits. What do I RIGHT NOW? Seeking an immediate solution to an immediate problem. And of course mobile is driving this area. And the key tools here are shopper apps, social media and perhaps the most important, search. They're in a store and they need to find the ingredients for a special recipe. Or they're on the train and need to make a list before they get to the store.

And then there's IN-STORE. And we're finally starting to see retailers going digital a little bit. After initially trying to buck the trend and actually keep open-source digital connectivity OUT of the store, lest shoppers use it to find better prices and products elsewhere, they're now embracing the concept through digital signage and kiosks and beacons and other near-field communication systems.

A broad scope of tools

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<th>LOCATION SKEW</th>
<th>TECH SKEW</th>
<th>EXAMPLES</th>
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<tbody>
<tr>
<td>At Home</td>
<td>Internet-centric</td>
<td>Websites, Email, Social</td>
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<tr>
<td>On the Go</td>
<td>Mobile-centric</td>
<td>Apps, Social, Search</td>
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<td>In-Store</td>
<td>Place-based</td>
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Now we should just take a minute here to nail down the distinction between digital shopper marketing and e-commerce. But really, the distinction between the two is largely left over from a time when e-commerce involved a completely different segment of retail activity and a bunch of different retailers. Now, the difference between digital shopper marketing and e-commerce is analogous to the difference between in-store marketing and the store checkout. You're using one to drive the other.

And that concept was summed up pretty nicely a couple of years ago by Unilever's Doug Straton, who's been a thought leader in this area for a long time: “E-commerce is getting them to buy. Digital shopper marketing is moving them further down the purchase funnel.” And Leadership University has an entire course that looks at the role of shopper marketing in e-commerce, and the impact of e-commerce on the discipline of shopper marketing.

**DSM and E-Commerce**

“E-commerce is getting them to buy [online]. Digital shopper marketing is moving them further down the purchase funnel.”

*Douglas Straton*
Director, E-Commerce Center of Excellence

Unilever
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Now let's wrap up this first lesson by explaining in some more detail why we don't advocate for a separate definition for digital shopper marketing. And we'll do that by debunking three myths that have arisen around digital shopper marketing that in some ways have made it harder for some companies to really get rolling.

And the first is the Myth of the Digital Shopper. The idea that there is a distinct segment of people who are shopping online that are completely different from the traditional brick-and-mortar shoppers we've known and loved for so long. And so you should treat them as a separate group and build programs to target only them. But this simply isn't true. The digital shopper and the brick-and-mortar shopper are two parts of the same person. And while they may not be entirely equal halves, because some shoppers are predominately using e-commerce tools and others are still almost exclusively shopping in physical stores, the vast are still switching back and forth between the two types.

**Myth #1: The Digital Shopper**

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**Brick-and-Mortar Shopper**

**Digital Shopper**

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The next one is the similar idea that there's a separate digital path to purchase. Brick and mortar shoppers exhibit a specific set of behaviors and use a specific set of tools; digital shoppers have separate behaviors and separate tools. And there is never any cross-over. Actually, there's often a lot of cross-over. And you can see that here in this chart of spaghetti from IRI and the GMA. Perhaps the most common one is the shopper who does all her product research online and then drives over to the physical store to buy it. Happens all the time. And so you better be addressing her behaviors and fulfilling here needs to both spots or you're going to lose the sale.

Source: IRI/GMA
So then … of course if you're working under the idea that there's a distinct digital shopper on an entirely digital journey, it's only logical that you're to come up with a wholly digital plan of attack, right? STRIKE THREE, you're out. At the very least you run the risk of confusing your target shoppers by hitting them with different messages and offers online versus offline. At the very worst you run the risk of missing them entirely at the most critical, most influential moments of their purchase journeys. And that means you might be wasting a whole lot of money. So you need a plan, one plan, that's going to identify and address ALL of the different behaviors that your shoppers are using along their MULTI-CHANNEL paths to purchase.

This, of course, can be very challenging. Many traditional organizations are still set up as siloed departments with separate budgets. Media, marketing, shopper marketing. And then along comes digital, which often became a separate thing, or maybe became part of the media group. But then digital shopper marketing came along, and maybe THAT went into media or maybe it went into shopper marketing. And nobody’s sharing the money and they all have separate agendas. But it's well worth the time and the effort it will take to figure it out.

Source: Catapult
Thank you for sampling the first lesson of **Digital Shopper Marketing**.

This is just merely an introduction to the outstanding content featured in our Digital Shopper Marketing course. Other topics include:

- **Lesson 2:** Digital’s Impact on Shopping
- **Lesson 3:** Digital Shopping Tools Review
- **Lesson 4:** Guidelines for Effective Digital Activation
- **Lesson 5:** Measuring Impact
- **Case Study Discussion**
- **Lesson 6:** Quick Thoughts About the Future

To purchase the entire online course, visit: [http://p2plu.learnercommunity.com/Digital-Shopper-Marketing](http://p2plu.learnercommunity.com/Digital-Shopper-Marketing)

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