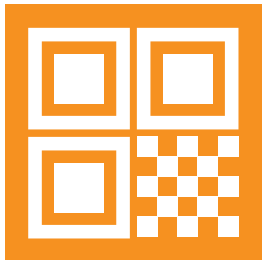


Connected world

Winners and losers along the digital path to purchase



We know that ever-increasing numbers of consumers are going online to help their shopping, whether it's to speed up a transaction, research best prices or seek reassurance that they are making the right choice. However, it is not the same across all categories and brand owners need to think carefully about the right approach to take to ensure that their digital strategy doesn't distract from sales.

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Don't believe everything you read

The world is changing. If you believe all you read, nobody makes a purchase decision nowadays without going through an elaborate process that might involve visiting a store to find a few options they like, using their smartphone to check on prices and independent reviews, going on Facebook to canvass their friends' opinions, and completing the purchase on-line. But what is the story for the weekly grocery shop? Shopping would truly be a full time occupation if detergents, pet food and bread were all purchased in this manner. The weekly shop would likely take all week.

There is a huge amount of misinformation or misunderstanding concerning the 'digital shopper' as he or she relates to FMCG purchasing. If FMCG brand manufacturers and retailers are to succeed, then they must dispense with these myths, and think about what their shoppers actually demand from the digital path to purchase.

The basic rules stay the same

The answer is surprisingly simple! Although the explosion of digital touch points has made the world more complex, the basic rules stay the same. As Herb Sorensen put it in 'Inside the Mind of the Shopper' (2009), the relationship between the shopper and the retailer consists of three shopper inputs and two retailer outputs in return. Shoppers give time, money and angst, and in return they receive items and satisfaction. When it comes to meeting shopper needs – any application that saves time, money or angst (or even better all three) will have a good chance of success. Any application that does not deliver against one of these basic needs will likely fail.

What is the 'digital' path to purchase and how is it different?

Before we ask how the digital path to purchase can deliver against these three shopper needs, let's pause to ask what we actually mean by the 'digital' path to purchase. The reality is that there are no alternative digital and analogue routes to completing grocery shopping; there is just one path to purchase, and it

may or may not include some digital influences. The various stages of the path to purchase remain the same: there are various different models for FMCG products but usually they include pre-trip planning and research, locating categories, searching for products, selecting a product, buying, and finally usage or consumption. The key development is that now any or all of these stages might be conducted using a variety of digital touchpoints or influences. I stress the word might because the reality is that the vast majority of today's grocery shoppers continue to follow a determinedly analogue path to purchase! A recent TNS study in the US showed that approximately 90 percent of trips were 'analogue only', with most digital activity occurring pre-store rather than in-store.



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When trying to map out a successful strategy it is worth making a distinction between e-commerce and traditional bricks and mortar retail, as the path to purchase and the various stages along it can be very different in each case. But let's also make a distinction between a digital influence along the path to purchase, and digital media. Like traditional media, digital media can help build brand equity and awareness, but a brand's Facebook page, just like a TV ad, is not part of a shoppers' path to purchase unless it has been used to inform that purchase.

The principles of success

The key to success in retail is providing shoppers with what they want and closing the sale. The process is simple: shoppers search for products, and retailers and brands search for shoppers. As previously discussed, shoppers are investing time, money and angst into this search. To quote Herb Sorensen again, "the point here is that when shopping, shoppers do not search because they like to search, but because there is a

barrier between them and what they need or want to purchase. It's sad that there are people in sales and marketing who actually think that if they can make the search (also known as shopping) longer and more pleasurable, they will sell more! Tsk, tsk! Selling is always about the close, and the sooner the better." Good retailing is about connecting shoppers with the products they want to buy – if this can be done quickly it frees time for incremental browsing and purchasing. Conversely if shoppers are delayed they become frustrated and spend less.

The folly of interruption

When we apply this logic to the path to purchase for FMCG products, the question becomes: how can digital touchpoints and influences realistically be used to save shoppers time, money and angst when buying the weekly groceries? Bear in mind that our supermarkets are already overflowing with promotional offers, and the amount of angst associated with the habitual

purchasing of a favourite detergent brand is minimal. So the opportunities to save shoppers time, money and angst can be hard to find.

Brand manufacturers and retailers have a whole new armoury of weapons to try and influence shoppers along the path to purchase, but making these weapons relevant is challenging. The danger is that brands and retailers will 'interrupt' shoppers with irrelevant communications – either due to untargeted executions, or because they don't properly understand shopper needs. Such interruption is unwelcome and can be counterproductive if it delays purchases. Shoppers' needs are often simple – they know what items they want to buy and they want help finding them. It is important that brands and retailers meet the shopper on their own terms, give them what they want, and focus on the basics of saving shoppers time, money and angst. Those focused on mass interruption will surely fail.

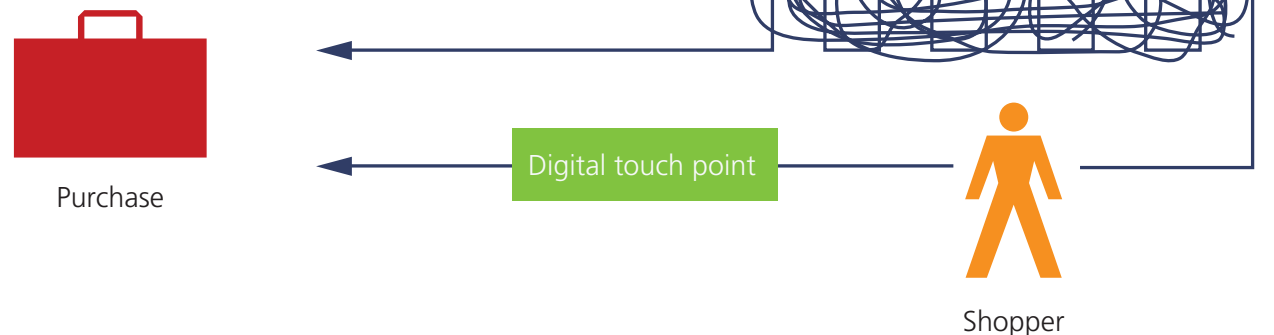
Winners and losers along the digital path to purchase

Digital winners and the importance of context versus content

Digital winners will be those that look past technology itself to focus on how it can be applied to meet shopper needs. Since the opportunities to save shoppers time and money are relatively few, “smart” applications will be required. These should facilitate quicker shopping by recognising a shopper’s purchasing history and their location in-store, and delivering relevant, tailored communications and offers. The real story is not so much about mobile, for example, but about data. The application of technology that counts most will be the ability to use large quantities of information streamed into a single set of factors in real-time: the products a shopper needs, the offers they want and the right tone and timing of communication. Traditional (mass) marketing has always been about content, but a shift in thinking is required as real time, 1-1 communication with shoppers will make context far more important than content when it comes to the success of shopper marketing.

It is hugely important that brands and retailers use digital touchpoints to shorten the path to purchase rather than lengthen it. The focus should be on narrowing and straightening the path, helping shoppers to zoom in quickly on what they need and speeding the decision-making process when it comes to buying it. TNS has developed a simple framework or checklist that maps the various stages of the path to purchase against the key shopper needs. This framework can be used to assess the value that any digital (or analogue) touchpoint or interruption is likely to bring.

Touchpoints will shorten the path to purchase



Winners and losers along the digital path to purchase

A recent study in the US asked a large sample of digitally engaged grocery shoppers an open-ended question “what else can your retailer do to help?” Tellingly of the six key response types, the first two were requests to stop doing things.

- Don't send me late information
- Don't overdo promotional emails and texts
- Save me time
- Make it quick and easy to find items in the store
- Help me get what I want
- Give me meal ideas

This example helps illustrate the point that there are very few applications that are successfully addressing the time, money and angst factors at the moment.

Targeting time, money and angst

Applying digital technology productively to FMCG shopping is a new and far from developed area. However solutions are starting to emerge that show how digital technology can be thoughtfully and carefully applied to help address key consumer needs.

TNS framework

	Save time	Save money	Save angst
Pre-store planning & research			
Locating in-store			
Searching at shelf			
Selecting			
Buying			

Winners and losers along the digital path to purchase

Saving shoppers time

Smartphones can be used to save time in-store with self-scan and self-checkout. Shoppers simply scan products with their smartphone and checkout instantly without having to wait in-line. Applications that help shoppers make a list and then find what they want in-store can also prove to be winners, as most time in-store is spent trying to locate and search for products.

Saving shoppers money

Currently, the most common digital activity along the path to purchase is the printing of on-line coupons at home – a simple money-saving tactic, occurring pre-store. Increasingly though, tailored or personalised offers show the ability to improve the relevance and efficiency of offers. Emerging are 'smart' offers that can be delivered to the shoppers' phone, based on their historical purchases, brand preferences and loyalty, their location in-store and what's in the shopping cart as the moment.



Saving shoppers angst

This is perhaps where digital, and specifically mobile, comes into its own. Shoppers need reassurance at the point of purchase and mobile can provide this – often with simple tactics such as calling out best sellers or pointing out affinities Amazon-style (X percent of buyers of this product also bought...).

Moving forward, augmented reality technology has potential for retailers, particularly in easing the search process. By pointing a smart device's camera at a shelf, shoppers could access overlaid information highlighting their stated product preferences such as nutritional information, environmentally friendly packaging and not tested on animals.

Winners and losers along the digital path to purchase

A war is brewing.....?

There is usually a 'healthy tension' in the relationship between brands and retailers, and it is a relationship in which the retailer has become increasingly more powerful over the years. Is mobile about to change the dynamics of this relationship?

For retailers, mobile represents an opportunity to facilitate real-time, location-based, 1-1 personalised communication between brands and shoppers at the point of purchase, and charge a healthy premium for the service. Retail as media is not a new concept, but this capability can represent a step-change in allocation of media budgets towards retailers.

For brands on the other hand, mobile represents an opportunity to bypass the retailer and talk to the shopper directly at the point of purchase. Shoppers can scan a QR code or take a picture of the pack, opening a dialogue with the brand that includes the potential to deliver offers and make purchases via a website.



Winners and losers along the digital path to purchase

The advent of the mobile wallet will mean that an individuals' purchasing history will be stored on their mobile phone, and so brands may be able to access item-level detail without the permission of the retailer, and in turn develop their own 1-1 tailored communications. The potential is huge. Just think if a brand could recognise its own loyal shoppers in-store as well as buyers of competitor brands, and target promotional offers accordingly, ensuring maximum efficiency of promotional spend.

But the battle for 'ownership' of these capabilities is yet to begin. To harness the power and potential available, vast product databases are required linking product images with detailed attributes and cross-referencing this with individual purchasing histories to create

instant, tailored shopper marketing. No wonder that Hal Varian of Google predicts "the sexy job in the next 10 years will be statisticians." The sheer complexity of the task raises the possibility that third parties with expertise in analysis and big data may trump both retailers and brands when it comes to delivering solutions. Third parties need not be retailer-specific either – think of an independent 'shopping companion platform' that allows shoppers to meet all of their needs from any number of different stores based on location, price, availability, and personal preferences.

If or when brands do manage to begin to bypass the retailer the whole system by which brands and retailers do business will be shattered, and predicting how that situation might resolve itself is extremely difficult.



Winners and losers along the digital path to purchase

What next?

When it comes to the future, let's turn to experts in the business of efficient digital searching and retail for a view on where we are heading. "We used to joke that the ideal Amazon site would not show a search box, navigation links, or lists of things you could buy," said Greg Linden, a former Amazon programmer, quoted in the book *One Click: Jeff Bezos and the Rise of Amazon.com*, "Instead, it would just display a giant picture of one book, the next book you want to buy."

Will shopper marketing ever reach such a point? In all likelihood the advances in technology will continue to be very rapid, astounding consumers and changing the way they shop.

But the principles of shopping will remain the same, and success for brands and retailers along the path to purchase will only be achieved if they can find ways to save shoppers **time, money and angst.**

Winners and losers along the digital path to purchase

Getting smart about the digital path to purchase

TNS has developed a framework to help brands and retailers prioritise their investments in the digital shopping space. Our approach focuses on answering three core questions:

1. What are shoppers doing today?

Uncover insights on which technologies shoppers are using and how they are using them along the path to purchase.

2. What needs are being fulfilled?

Reveal the underlying needs, and emotional and functional benefits that technology fulfills for shoppers.

3. What should we do about it?

Develop a framework for evaluating current and future opportunities that quantifies their likelihood of influencing purchases.



About Opinion Leaders

Opinion Leaders is part of a regular series of articles from TNS consultants, based on their expertise gathered through working on client assignments in over 80 markets globally, with additional insights gained through TNS proprietary studies such as Digital Life, Mobile Life and the Commitment Economy.

About TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world. TNS is part of Kantar, one of the world's largest insight, information and consultancy groups.

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