

The KANTAR logo is positioned in the top left corner of the page. It consists of the word "KANTAR" in a bold, white, sans-serif font. The letter "K" is significantly larger than the other letters and has a yellow-to-white gradient. The background of the entire page is a photograph of two people in silhouette, standing in front of a large window with a grid pattern. The scene is bathed in a strong cyan light, creating a high-contrast, futuristic atmosphere. The silhouettes of the people are dark against the bright window, and the window panes are clearly visible as a grid of lines.

KANTAR

SHOPPER 2.0

*Shopper Centricity, not the Retailer
or Technology, at the Heart of the
Omni-Commerce Revolution*

By James Sorensen &
Carey Spencer-Gervason

Preface

A brief history of the rise and fall...
and rise again of shopper

Shopper 1.0: Win the Store Shopper

In 2005 A.G. Lafley, CEO of Procter & Gamble, reshaped the age old marketing model and coined two “Moments of Truth”. The first moment of truth (FMOT) was described as the “moment a consumer chooses a product over the other competitors offerings”. The second moment of truth (SMOT) is when the consumer experiences a product during its use. This distinction between FMOT and SMOT was the culmination of 10 years of work by P&G (Dina Howell, among others) and was a major factor in elevating the battle for shopper attention at retail.

The industry’s recognition of FMOT and the creation of Shopper 1.0 was driven by several factors. First, media fragmentation, which began in the early 1990’s, left brands seeking an audience to influence. Second, the growth of Walmart and the resulting consolidation of retail provided brands the audience they sought. Retailers were ready with open arms, to accept the brand’s advertising funds in the form of shopper marketing and trade spend programs.

As the shopper function developed in the early years, Shopper Insights was used to fuel collaboration between brands and retailers. The science of shopper behavior emerged as pioneers like Herb Sorensen (my father), Siemon Scamell-Katz and Paco Underhill used path tracking, eye tracking, filming, ethnography and neuroscience to understand how to win the shopper in the store. Unfortunately, too often the activation solutions developed by brands and retailers didn’t put the shopper at the center. Brands sometimes delivered self-serving insights/solutions and retailers would rarely invest to implement shopper based solutions (even when proven to deliver ROI). Weary of unpredictable outcomes and facing budget pressures (caused by 2008-09 recession and 3G Capital pressures), brand budgets for shopper-focused programs began to shrink.

Not even a decade old, the shopper function had tried valiantly to reshape the marketing model, but largely failed. The dream that was shopper was crushed as brands and retailers focused more on each other than the needs of the shopper.

Shopper 2.0: Win the Omncommerce Shopper

Despite the reduced focus by many brands and retailers in recent years, The shopper has become more powerful than ever. The convenience and transparency offered by ecommerce gave the shopper what they have always wanted and too often have been denied: “Just get me what I want, when I want it, and make it fast and at a fair price.”

The retail industry and its brand partners have not been ignoring this retail revolution, but the shopper has not been their focus. Retailers and brands have been relearning retail operations through technology innovation. The industry has been focusing on new technology platforms, supply chain processes, fulfillment models and more powerful data and activation platforms. All of this has consumed brand and retailer resources for the past 5 years.

As omni-commerce matures and as shopper behaviors and expectations solidify, brands and retailers are beginning to turn again to focus on the shopper. The shopper returns as a key leverage point for brands and retailers to grow their business. This return from the wilderness we are calling Shopper 2.0.

James Sorensen
EVP, Shopper Insights Kantar

Introduction

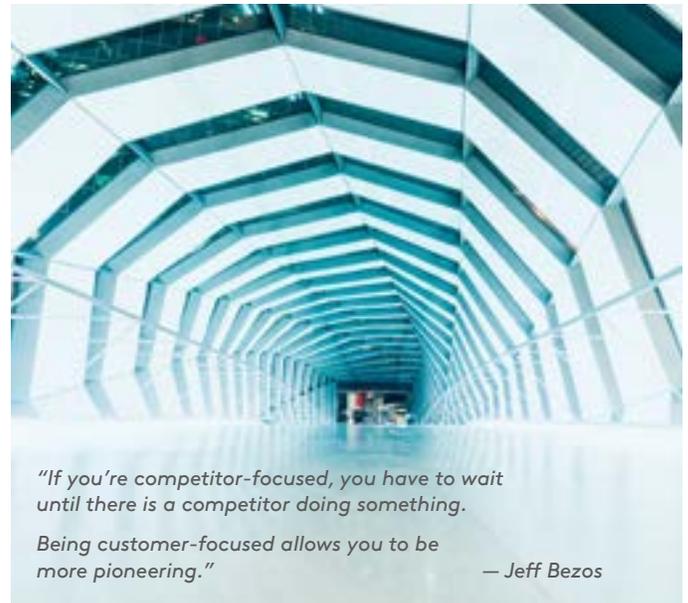
eCommerce is growing faster than other channels, but online sales remain a relatively low percent of total sales; only 6% of consumer packaged goods (CPG) and 22% of non-CPG sales occur online. When eCommerce is available 24/7 and same/next day free delivery is common, why isn't online sales bigger?

The answer:

Brands are too focused on the retailer and the technology and not focused enough on the shopper.

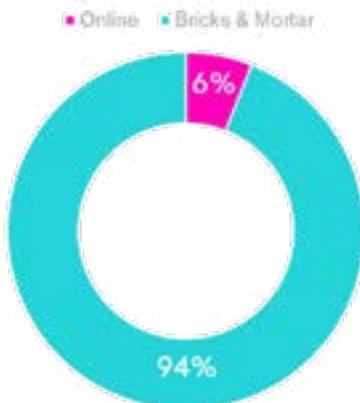
For the past 20 years, eCommerce has focused largely on executing against new platforms and technology innovations, often ignoring the shopper. While technology is indeed a key enabler for eCommerce growth, Shopper 2.0 must put the shopper at the center of the eCommerce revolution.

This article explores how retailers and brands can apply shopper centricity to remain relevant in an Omni Commerce world.



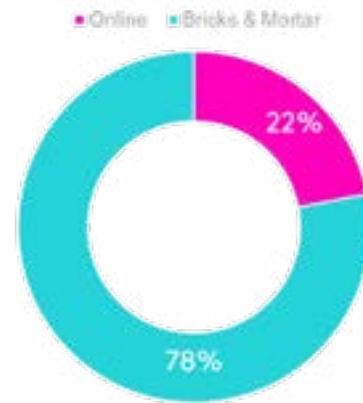
CPG Share of Sales

(Food, Drug & HBC)



Non-CPG Share of Sales

(All Other Goods, Excluding Autos and Gas)



Shopper Currencies

Less than 10% of America's money is spent online, but money isn't the only currency Americans spend when they shop

There are three core shopper currencies. In addition to Money, shoppers also spend their Time and Energy (the experience), and seek out a balance of the three. In one context, Money may be prioritized over Time, while in another, saving effort and complications may be more important than Money. These three currencies offer a shopper-centric view on eCommerce, missions, platform choice drivers, and even product offer.

Many will assume that when people are shopping online, Money is their primary motivator – the ability to easily search and compare means they will always choose the retailer with the lowest price. However, this belief is too simplistic, and indeed potentially dangerous. Businesses operating under this misconception are at risk of entering price wars, threatening their bottom line and eroding category value.

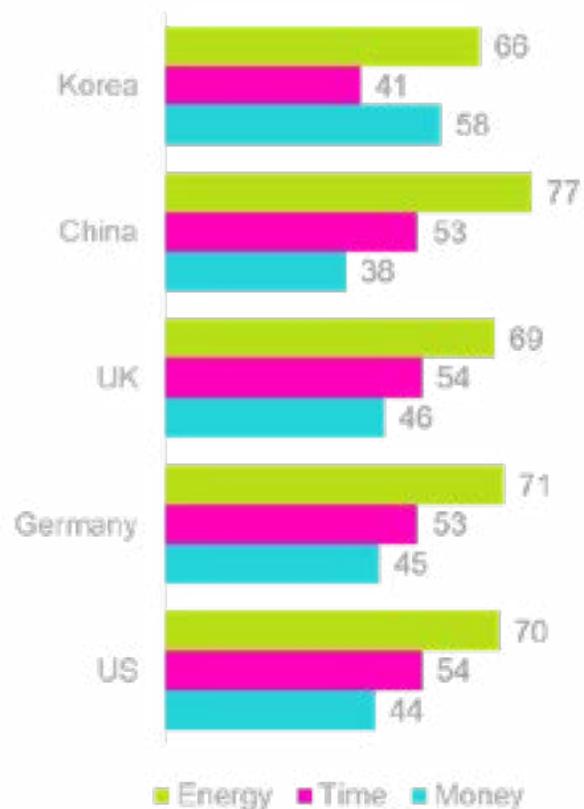
Many omni-commerce solutions focus purely on saving shoppers money. While these solutions have some success, their efficacy is short-lived because they ignore the other currencies.

In reality, when people are shopping, they choose where, when, and how to do so based on a subconscious need to optimize their shopper currencies.

In a recent Kantar study across 14 countries and 19 categories, it was found that the most important currency depends on many factors. These include the category shopped, individual preferences, and the maturity of the eCommerce market. However, one universal truth is that Energy (the experience) is now the differentiator, while Money and Time have become hygiene factors.

As ecommerce has matured, Money and Time are more transparent and it is more difficult to differentiate on these factors. An experience that drives positive Energy (and reduces the negative) is where brands and retailers must focus to win.

Shopper currency importance by country (%)



Too much focus on technology, rather than shoppers, has led to a sub-par experience for online shopping

eCommerce platforms are continuously evolving, but shopper expectations are higher than ever. Digital activities are now routine, and eCommerce is a staple in shoppers' retail repertoires.

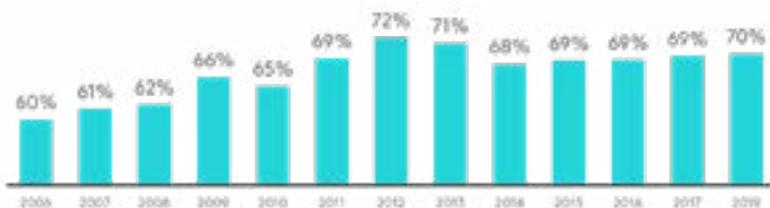
Shoppers are migrating to online buying due to its many benefits. In Kantar's ShopperScape® monthly syndicated survey of 4,000 shoppers, the top reason the shopper buys online rather than in-store is because it is easier. Always-on shopping, convenience of delivery, easy product comparisons and broad assortment and deals provide a low friction experience for the shopper.

eCommerce growth also presents many shopper challenges and barriers. Shoppers are skeptical and often overwhelmed by the options and information they get online. They complain that they can't touch / feel / try out the products and they are not able to talk to the store associate to get advice. And of course, immediacy is also a challenge.

The online shopping journey is often longer than an in-store shopping journey, causing shopper frustration as they review multiple websites for reviews, product information, and price comparison.

Touch point proliferation and the resulting frustration leads to a high and increasing level of cart abandonment. In 2006, the global shopping cart abandonment was 60%. After a decade of increased complexity, the cart abandonment rate has steadily increased, topping at 70% in 2019.

Global online shopping cart abandonment rate 2006-2019



Source: Baymard Institute, March 2019



Touchpoint Proliferation

A central driver of shopper friction is online touchpoint proliferation and this is costing retailers and brands money

Shoppers are increasingly overwhelmed with advertising and branded communication of all kinds. Online, mobile, ratings/review sites, television, out-of-home, sporting events, and even in children's schools, brands are aggressively pushing their presence to drive sales.

Kantar maintains a normative database of shopper journey touchpoint activities. This database reflects shopper behavior across 15 categories from 20+ countries around the world (and growing). Kantar's shopping journey touchpoint database reveals that online buyers use significantly more touchpoints along their path-to-purchase than store buyers (see chart below). Similar to the Paradox of Choice, more information and more touchpoints don't make people feel more confident about their decisions. It often confuses and frustrates. Information needs to be trusted, relevant and easy to access.

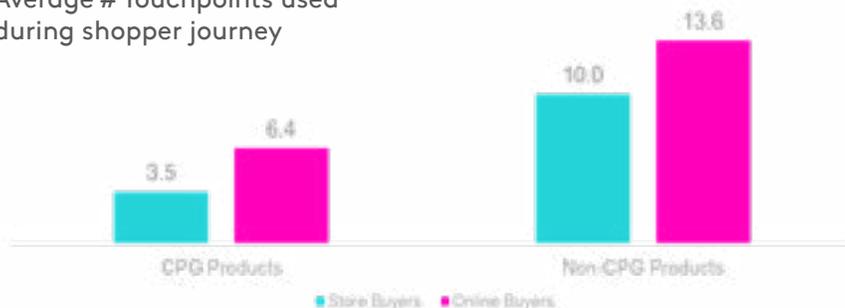
In a recent shopper journey consumer electronics study, Kantar found that touchpoint proliferation resulted in a significant increase in shopper confusion which lengthened the shopper journey by more than 2 weeks in 2 years. This confusion and delay in buying resulted in 13% of shoppers abandoning their journey without a purchase.

Ultimately, this level of shopper abandonment was equivalent to an estimated \$16.9B in lost sales for the category and \$3.4B of lost sales for the brand.

Improving the shopper journey is not just about making shoppers feel better, or even building long term loyalty. These sub-par experiences cost real money and stunt growth for categories and brands.

Touchpoint proliferation drives frustration for online buyers

Average # Touchpoints used during shopper journey



CATEGORY

\$16.9B

lost category sales (estimated)



BRAND

\$3.4B

lost brand sales (estimated)

Touchpoint Impact

The heart of touchpoint planning is identifying the 20% of touchpoints that matter most

Too often brands and retailers, in an effort to find what works, are using a “see what sticks” strategy. Marketing investments are being spread thin across dozens of touchpoints, with limited effect.

An analysis of Kantar’s touchpoint database across 20+ countries and dozens of CPG and non-CPG categories shows that 20% of touchpoints make up about 80% of the impact on purchase.

Retailers and brands must manage across a wide range of touchpoints in ecommerce, but they need to focus their investments on optimizing the 3–5 touchpoints that have the greatest impact.



Touchpoint Usage

Touchpoints which provide trusted and in-context information will shorten the synapse between discovery and purchase

So what are the 3 - 5 touchpoints that will most shorten the synapse between discovery and purchase? Touchpoints that are easy access, provide trusted information and are relevant to the shopper need are the touchpoints that reduce shopper confusion and help drive conversion.

Touchpoint usage varies by category, but Kantar's global touchpoint database shows three types of online touchpoints that consistently drive the most impact are:



1. eCommerce Websites

Search, enhanced Product Detail Page (PDP) content, and ratings/reviews are key



2. Online video and Expert Reviews

YouTube, professional and consumer reviews, and blogs provide trusted information



3. Social Media

Facebook, Instagram, Pinterest, and other social platforms help shoppers see the products in action by trusted acquaintances and influencers

While each of these touchpoints play a unique role and have specific requirements, they all help educate the shopper and help them make a decision with confidence.

eCommerce websites have become the first stop for many shoppers, even if they end up buying in a physical store. During their visit, they gather information and inspiration which can build confidence, narrow choices, and alleviate fears. Unfortunately, the content on many ecommerce sites and PDP's are not optimized and leave the shopper wanting more. Images don't show the product in context, product descriptions and

specs overwhelm. Videos are often not available or are designed as marketing, rather than shopper information.

Ratings/reviews, video, and social media provide useful and trusted information. Touchpoint proliferation has led consumers to require multiple information sources to get the full picture, and these touchpoints help fill this need. But again, some of these sources provide conflicting information, or will appear contrived or positioned as marketing, rather than information to help them make an informed decision.

Enhanced, visual and in-context images and videos that show products in use by real consumers or trusted influencers, in real situations, helps shoppers overcome concerns about buying merchandise online.

Brands and retailers who optimize the information, messages and offers on these touchpoints will alleviate shopper friction points, grow the category and improve conversion for their brands.



Conclusion

Shopper 2.0: “Those who do not learn from history are doomed to repeat it.”

In the era of Shopper 1.0, brands and retailers too often ignored the shopper and instead focused on each other. Retailers focused on maximizing trade spend from the brands, ceding much of the in-store customer experience to their brand partners. Brands focused on convincing retailers to allow them to implement tactics and strategies that would benefit their brands over competitors. Neither focused enough on the needs of the shopper: getting the shopper what they want, when they want it.

This was a very costly mistake. Retailers have suffered as pure-play eCommerce retail has captured billions of dollars from traditional retailers. Hundreds of retailers have gone out of business, and thousands of stores have closed or been downsized. Brands have also paid

dearly, as smaller, more nimble, niche players exploited the new commerce models to eat away at their market dominance. Brands have also had to invest billions to rebuild their go-to-market models to address the new omni-commerce retail reality.

Much of this pain could have been avoided or handled more efficiently if brands and retailers had focused more on the needs of the shopper.

Shoppers currently assume eCommerce will save them Time and Money. Today and in the future, they expect that omnichannel platforms will provide shopping experiences that maximize positive Energy and minimize any negatives. Getting them what they want, when they want it, easily and at a fair price.

Kantar’s Shopper 2.0 Toolkit

We help our clients remain Shopper Centric with a robust set of tools

IDENTIFY CONVERSION GAPS 01

Shopper journey understanding to uncover where opportunities exist to drive category and brand growth.

TRADE ENGAGEMENT STORY 04

Development of a clear trade engagement story to identify the opportunity, size it and present the optimal solution to deliver category growth.



02 DEVELOP SOLUTIONS

Work shopping and ideation of shopper journey insights to prioritize which opportunities to progress and develop activation solutions to feed into the next stage.

03 TEST NEW SOLUTIONS

Evaluate which executions can drive the desired behavior change and how they can be optimized.



Is your brand positioned to win shoppers in an omnichannel world?
Connect with us to better understand how Shopper 2.0 principles can drive growth for your organization.

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