RE-KINDLE

YOUR RETAIL RELATIONSHIPS

A BEST PRACTICE GUIDE

www.snipp.com

INTRODUCTION

It is a complex time for relationships between retailers and brands. Retailers today have their own agendas: making sure people are drawn back into stores, keeping foot traffic flowing to specific areas, combatting showrooming, and adhering to key seasonal calendars. On top of all this retailers now have an evolved vision for their shopping environments; clean-store policies are commonplace and owned content, such as media and store gift cards, are expected to be utilized in brand marketing.

What should brands do to best adapt to this change? In-store shopping is still the main source of business for a large number of these companies: in fact, 84% of people plan to shop as much or even more in physical stores in 2017 when compared to 2016. The fact of the matter is, brands that leverage the right set of tactics can accomplish two things if their tactics truly resonate with consumers:

1) They can sell their products into retailers, and

2) They can strengthen their existing relationships with retailers.

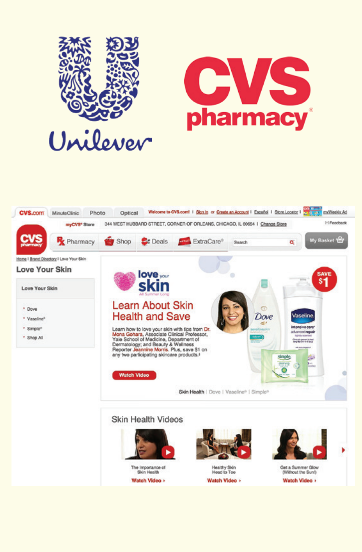
In this guide, we'll cover four current retail expectations that are shaping the strategies of the brands relying on them.

1 EXCLUSIVITY AND UNIQUENESS

National programs were once a key tactic brands used in the course of their retail marketing. A program at Target, for instance, would be identical to one at Walgreens. National programs were great for brands; because the campaign elements (such as the creative and rewards) were homogeneous, costs were low and efficiency was optimized. The world now has moved on from these types of activations, and this fact isn't due to retailer expectations alone; consumers themselves crave 1-to-1 marketing, a reflection of an atmosphere where hyper-personalization and uniqueness run rampant.

One of the best ways to develop strong tie-ins to specific retailers is to leverage retailer owned properties, including media, FSI's, websites, and circulars. The reason? It may come as a surprise that these methods still resonate well amongst modern consumers; one study notes that the most influential marketing channels driving in-store shopping (listed as "extremely" or "very" influential by respondents) are store circular ads, e-mail ads or coupons.

CASE STUDY: UNILEVER ‘LOVE YOUR SKIN’ AT CVS



When Unilever was undertaking research into their retail channel performance, they determined that one of their core channels - CVS/Pharmacy - had been losing beauty category shoppers to mass and supermarket channels.

In order to create a program that would win back segment traffic, they created an account exclusive “Love Your Skin” campaign; it was built on an exclusive platform for CVS that grouped Dove, Simple, and Vaseline brands to create a holistic solution for the entire skin care needs of women; basically, turning CVS into a one-stop shop for women’s entire skincare requirements.

In total, **CVS saw a nearly 6% sales increase in the category**. Vaseline upped its trip frequency, seeing 8% of shoppers make multiple trips for the brand. Shoppers embraced a full-body regimen, as more than 38% of shoppers who purchased the Simple brand bought more than one item.

2 ACCOUNT-SPECIFIC CONTENT

Consumers love rewards; in fact, **62% of consumers don’t believe that the brands they’re most loyal to are doing enough to reward them.** However, the standard practice of discounting strategies and coupons are losing traction and effectiveness. Value-add rewards are now an expectation, not only for consumer demographics but for the retailers adopting these programs. Consumers find that rewards such as digital offerings or free brand merchandise fit into their lifestyles better and are more inspirational; retailers find that discounting strategies undercut the growing proposition of “lowest possible price” initiatives.

With the rise of value-add rewards comes a challenge unique to this tactic: retailers are increasingly demanding that rewards be account-specific. For example, if the tactic was to reward Walmart shoppers with a free movie, the movie content itself may be required to come from Walmart’s own VUDU catalog. Aside from tangible rewards, an integration into a retail loyalty scheme could be a great opportunity for brands. Retailer loyalty points are one of the pre-eminent tactics to elicit greater spend: **66% of consumers modify the amount they spend to maximize points.**

What are the main benefits that retailers recognize from account-specific content?

- They drive people back to the store
- They give consumers the rewards that retailers already know to be effective
- Retailers retain more control of the process
- Data on consumers is easy for the retailers to obtain

CASE STUDY: IRISH SPRING AT WALMART

Irish Spring needed a way to promote their “Signature for Men” line, and a rewards program was the perfect way to incentivize sales amongst Walmart shoppers. However, Walmart expected the content be unique to their stores, and Irish Spring needed an effective way to get the reward to consumers while simultaneously validating purchase. Snipp teamed up with Irish Spring and Walmart to create a program where consumers simply uploaded their receipt, proving purchase of two Irish Spring Signature for Men products, to get a VUDU download. Consumers could also get bonus Walmart content, such as a $5 Walmart gift card.

CASE STUDY: KROGER & NASCAR TIE-IN

“Content” can mean many different things; most often, it refers to tangible rewards, but a tactic that can be just as effective is relating to retail-specific entertainment properties. Kroger, for example, is a major sponsor of NASCAR and utilizes this partnership for its annual “Fast Track To Savings” campaign. It takes the form of an instant-win game, which Kroger loyalty cardholders can enter to win coupons provided by participating brands. The program strongly emphasizes the sponsorship and offers consumers relevant NASCAR-themed content such as race-day recipes on their microsite, fan events at Kroger locations, and access to racing simulators.

3 RETAIL CALENDAR RELEVANCE

Back-to-school, Halloween, Christmas and Thanksgiving - these are just a few of the most important calendar periods for brands. It’s not only brands, however, that have strict calendars to adhere to. Retailers plan their calendars amidst a lush landscape of many factors, complexities, and considerations. If brands have any hope of strengthening their retailer relationships or getting their product into a retailer for the first time, it is mission critical that the program tactic is in-line with this retail calendar.

However, a brand’s own calendar can’t be ignored either; the key to success is finding synchronicity between the marketing agenda of both brand and retailer to create a strategy that will derive maximum mutual benefit.

Below are three factors to consider from both the brand and retailer perspective when assessing the plausibility of a program or promotion:

Seasonality

The key shopping periods are the same for many brands and retailers. However, the emphasis of a particular season at a certain retailer may be enough to warrant a promotion for a brand that would not ordinarily consider the period to be a priority. For example, a non-candy brand might find a way to execute a Halloween tie-in at a retailer that normally sees enormous volumes during Halloween.

Demographics

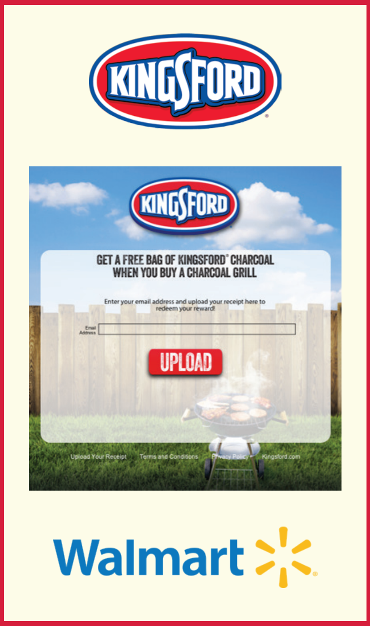
Due to the vast geographic distribution of many large retailers, demographics will often come into play when planning for calendar seasons. Back-to-school shopping may be significant in one area of the U.S., just as it may be under-represented in another. Understanding the intricacies of retailer demographic profiles in relation to key seasons will help make a stronger case when trying to sell-in programs.

Cost/Benefit Analysis

No brand wants to be left out of the marketing mix, especially around a holiday period. However, the fervor that fuels the promotions strategies around key holiday periods can sometimes undermine the rationale behind activating at all. With so much competition, brands must seriously consider the cost vs. the benefit of executing a promotion during the height of consumer spending periods. For example, will a popular toy company really see incremental value by offering an expensive rewards program during Christmas, when sales are almost a guarantee regardless of a further incentive being offered?

CASE STUDY: KINGSFORD CHARCOAL AT WALMART

Kingsford Charcoal needed a way to drive sales during the peak summer calendar period. However, Walmart had its own agenda; summer was a critical time for the retail giant, and it needed to figure out a way to maximize the impact any promotion would have on its overall sales. The solution was to execute a coalition program. The insight driving the idea was “if we can increase the number of people buying charcoal grills, and they get a bag of charcoal, Kingsford will get a customer for life.” Snipp powered the campaign, and consumers who purchased any charcoal grill at Walmart simply submitted their receipt for a free bag of Kingsford Charcoal.



The results were clear:

- **The program influenced almost 90% of charcoal grill purchases over gas grill purchases, much higher than anticipated**
- **The program accelerated grill purchases by 2.7 times**
- **The program drove twice the charcoal redemptions than what was expected**

4 TECHNOLOGY INNOVATION IN-AISLE

Technology is the one constant in the ever-changing landscape of promotions. By 2020, 62% of those interviewed want access to products or clothing sizes available in-store without needing to engage with a salesperson. The technology landscape for promotions is even more promising: 80% of shoppers choose to have apps to receive notifications about sales/promotions or special events while shopping. As tech gets more complex, retailers want to make sure they are using the very latest tools to activate consumers in the store aisle. Staying ahead of the curve can get difficult and expensive, and the abundance of vendors trying to sell retailers the latest technology demands brands to take a step back and assess the situation. Will the latest and greatest technology really and truly resonate with my demographic base? Will the cost be worth the returns? Are there competing technologies or solutions that can achieve the same purpose? Often times, implementing a technology for the simple sake of its modernity is the root cause for the failure of a program. In order to allay these concerns, here are some points to consider when assessing the plausibility of a retail technology activation:

Mobile-first

At this point, it's almost trivial to say it, but many brands still make the basic mistake of not engaging consumers properly on their mobile devices. 48% of people said that a bad mobile experience meant a company didn't care about their business, and 50% said that even if they liked a business, they would patronize them less often if their site wasn't mobile-friendly. Any contemporary consumer-facing tech engagement needs to be mobile at its core.

App or app-free solution?

Both have their pros and cons. Apps can perform more complex tasks, often have a built-in audience, and don't require an internet connection. But an app-free solution can be much quicker-to-market, are more flexible, and overall more convenient for a user.

Regardless of which solution is right for your business, one aspect cannot be ignored; make sure the initiative is exclusive to the retailer. If an app is the answer, you might be limited to a retailer-owned technology; for example, leveraging something like the Target Cartwheel app, a discount and coupon hub that became hugely popular with consumers.

If you choose an app-free solution, ensure that you work with a vendor that can easily customize its offering to the needs of the retailer. Jack Link's recently launched a Walmart specific loyalty program, "Sas-Squad", that runs on SnippLoyalty. The program doesn't require a mobile app, and the branding features Walmart's assets, imagery, and logos to ensure the exclusivity factor is capitalized on.

SNIPP

Cost of scale

Often times, a program will explode in popularity well beyond its anticipated metrics. This can be great news – unless a technology running the program has high incremental costs. If the program has greater usage than what was predicted, will cost overheads cause more problems than a brand can manage?

Data collection

One enormous benefit of technology is the unique data that can be collected from a wide variety of sources. Information on foot-traffic, mobile engagement, demographics, social log-in info; all this data needs to not only be collected, but implemented into a systematic organization plan to ensure the best quality of subsequent analysis.

CASE STUDY: CIRCLE K & DR PEPPER 'SHARE A RIDE'

As an overlay for Dr Pepper's successful "Buy. Text. Ride" program executed with Snipp, which rewards national shoppers with Uber credits, the brand needed a way to drive account-specific engagement with Circle K. Leveraging mobile technology, Circle K shoppers can earn a "Pepper Prize" point by scanning a barcode located within the Circle K mobile app after making a qualifying Dr Pepper purchase. Prizes that can be redeemed after accruing points include free Dr Pepper product, store gift cards, and Uber credits.

CONCLUSION

Brands need retailers, and for the foreseeable future, this basic premise will not change. Brick-and-mortar retailers, despite the ever-evolving trends and technological influences that are shaping the shopping landscape, continues to be the preferred format for most consumers. The advent of brand owned, direct-to-consumer channels simply have not made a dent in modifying overall shopping behaviors.

All-in-all, the right set of tactics and strategies can be a significant boon to a brand's existing retail relationships, as well as to the development of new penetration into different retail channels. The store environment is as dynamic now as it has ever been, and brands need any advantage they can get to supersede competition, leverage retail partners as effectively as possible, and ultimately, of course, find their way into the hands of their consumers.

CONTACT US

lets.talk@snipp.com

www.facebook.com/SnippInc

www.twitter.com/snippinc

www.snipp.com

www.linkedin.com/company/snipp

Snipp is a global loyalty and promotions company with a singular focus: to develop disruptive engagement platforms that generate insights and drive sales. Our solutions include shopper marketing promotions, loyalty, rewards, rebates and data analytics, all of which are seamlessly integrated to provide a one-stop marketing technology platform. We also provide the services and expertise to design, execute and promote client programs. SnippCheck, our receipt processing engine, is the market leader for receipt-based purchase validation; SnippLoyalty is the only unified loyalty solution in the market for CPG brands. Snipp has powered hundreds of programs for Fortune 1000 brands and world-class agencies and partners.

REFERENCES

https://www.timetrade.com/resource/state-retail-report-2017/

https://www.quirks.com/articles/brick-and-mortar-retail-part-1-what-s-driving-store-traffic

P2Pi

http://blog.accessdevelopment.com/customer-loyalty-statistics-2016-edition

https://www.datacandy.com/loyalty-programs-cause-consumers-spend/

https://p2pi.org/article/more-cpgs-join-krogers-track

http://www.fierceretail.com/technology/consumers-looking-for-more-store-technology

http://www.fierceretail.com/technology/consumers-looking-for-more-store-technology

http://www.business2community.com/mobile-apps/non-mobile-optimized-websites-lose-online-customers-2-01785131

http://fortune.com/2014/06/05/target-cartwheel/

https://p2pi.org/article/circle-k-dr-pepper-share-ride