

ADAPTING TO THE NEW SHOPPER

Third-party sales and marketing specialists are ensuring FMCG brands and retailers are meeting the evolving needs and expectations of shoppers in Australia.

By Hailey Settineri.

The typical shopper of today is very different to that of yesteryear – or even pre-Covid. Creative Activation's fifth ShopperPANEL Retail Report, released in August, combines survey data from more than 500 respondents. Focusing on shoppers' retail experiences as Australia continues to work through Covid-19 challenges, it found purchases are more planned than ever before, with shoppers spending less time in-store and being less likely to make purchases outside their primary intent. It also found stock issues are the biggest roadblock to 'sale on the day', while convenience and caution are driving the rise in online shopping.

While many of these shifts have been brought about by Covid-19's impact on our way of life, some will stick around (and others will emerge). In this feature, we look at the changing shopper and how the FMCG industry is adapting to meet their needs.

Growth in online shopping

Online shopping is the new normal for many consumers in Australia. While it's been on the rise for some time, Covid-19 lockdowns and wariness of in-store shopping during the pandemic prompted many to turn to online options. In response, retailers that may not have already established an online offer fast-tracked their plans.

"There's been talk about the shift to online for a long time, but Covid has given this much more momentum over the past year and a half," GS1 Australia Manager Service Engagement Mark Blitenthall said.

"Digital channels are multiplying and becoming increasingly important to a new generation of shoppers and, in doing so, are generating a larger proportion of sales revenue each year."

At the same time, he adds, shoppers are becoming increasingly demanding.

"They want more information on products as well as a consistent experience across channels and devices," Mr Blitenthall said. "They're coming to expect more transparency about product information (eg, nutrition and allergens) and it behoves brand owners to meet these expectations as far as possible."

Visuals are also extremely important for online shoppers, he says, with consistent high-quality photographs displaying products in the best light possible and giving shoppers the confidence to click 'add to cart'.

"High-resolution, eye-catching images are the first step in establishing brand credentials and setting a brand apart from the crowd," Mr Blitenthall said, adding that 2D and 3D product images allow shoppers to see products from a different perspective, while mobile ready hero images can drive greater online conversion on mobile devices.

"Mobile ready hero images have been developed to help shoppers find the product they want more easily, increase incremental sales, and reduce the frequency of accidental or erroneous basket adds," he continued. "They help brand owners clearly communicate product information to enhance the consumer shopping experience, including the brand, the product offering, the variety of the product and the size."

Fortunately, there are some easy steps that brand owners can take to provide

TO PAGE 52

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FROM PAGE 51

updated, accurate information and imagery to customers, to ensure that they have the information they need to make informed buying decisions.

“While still in their infancy, e-commerce and digital marketing are rapidly gaining in importance, but it’s relatively easy for brands to ensure that they meet consumer expectations by providing thoughtfully curated product information,” Mr Blitenthall said.

To this end, GS1 provides a content creation service to help brand owners create quality content. By simply imaging their physical product, GS1’s content creation service provides a complete set of high-resolution product images and captures all on-pack information for each product.

This information is uploaded into their digital asset catalogue, providing their organisation, trading partners and end customers with access to complete, up to date and accurate information in a structured data format, for every item in their range. It’s also automatically fed through to their trading partners for use by them in their online shopping portals.

“All brand owners need to do is send us their products,” Mr Blitenthall said. “We image them, transcribe all the on-pack information into an electronic format, and then contact the brand owner to let them know the information is ready for review. Once it has been approved and published, it automatically gets delivered to their trading partners by GS1’s digital asset management platform.”

A ‘data capture only’ option also exists for brands that already have existing product images.

GS1 Australia’s data and digital asset management services allow brand owners to store, manage and share all their images and product data and have direct integration into the different retailers. However, Mr Blitenthall says it’s important for brand owners to recognise that curating their product content isn’t a “set and forget” task.

“As their products and brand packaging evolve, it’s important for brand owners to ensure that they communicate these enhancements,” he said. “It doesn’t just help tell their brand story, but their consumers expect the latest product information to help them make informed product choices.”

Mr Blitenthall says digital images and content are important tools for brands in selling their products online.

“Making complete and accurate product data available aids in optimising retailer website functionality in areas such as searching and filtering for ingredients, allergens, etc,” he said.

Great digital product content also increases the level of engagement that consumers have with a product online.

“Multiple higher-quality images and more complete product data drive greater sales uplifts [and] increase your brand’s chance of standing out in a crowded marketplace,” Mr Blitenthall said.

Shifts in shopping location, frequency and volume

Not long after the pandemic hit Australia, panic buying ensued. While shoppers gradually came to understand that essential retailers such as grocery stores would remain open, other factors impacting supply and inventory management have lingered. An increase in the number of people working from home has shifted customers away from CBD stores to suburban ones, and the growth of online shopping is further altering where a shopper’s order is fulfilled. What has this meant for inventory management?

Strikeforce Category and Insights Manager Stephen Wilson says Covid initially impacted heavily on inventory management and forecasting, with significant supply chain disruption and existing forecasts “going out the window”.

“Over the past 18 months, this has reverted back to a constant and ‘business as usual’, apart from some short-term disruption in areas where snap lockdowns are announced,” he said.

Fortunately, retail marketing experts such as Strikeforce have stepped to the fore and supported retailers and brands in maintaining supply and stock on shelves.

“In the main this support has enabled retailers and suppliers to maintain brand presence and solid stock weight at point of purchase,” Mr Wilson said.

Strikeforce is a data driven organisation and has touch points at every juncture across the fulfilment process.

“Combining the power of our unique dataset with other data sources results in execution of a powerful end-to-end solution that drives increased return on investment for our clients,” Mr Wilson said.

“Combining the expertise of our talented team and systems across vendor replenishment, space, insights, experiential and field capabilities, we offer a fully integrated suite of services that combine to deliver stellar results for retailers and suppliers alike.”

Agility and flexibility during uncertain times are critical.

Mr Wilson says engaging a single provider facilitates the ability to scale services up and down at short notice to meet demand and avoiding locking in fixed costs for underutilised resources.

“Strikeforce has a unique end-to-end offering that covers supply and demand planning; space planning; experiential, shopper marketing, merchandising, sales, category and retail insights; and sales and negotiation skills training – so, the complete service offering from a single provider.”

Mr Wilson says the uncertain outlook in the medium to long term is increasingly influencing suppliers to shine a spotlight on and question the viability of maintaining in-house resources at a fixed cost for no return during downtimes when they’re unable to call on stores.

“As the market continues to shift back to some semblance of ‘normality’, the challenge for brands to remain relevant and continue to resonate with shoppers is very real,” he said.

“FMCG suppliers are increasingly looking at the fixed overhead of their field, sales and marketing resource. Outsourcing to retail marketing experts such as Strikeforce creates agility, flexibility and an ability to easily scale up and down as demand fluctuates. Strikeforce are industry leaders in providing a more dynamic and needs based field model that makes a real difference for our clients.”

Info-hungry shoppers

Today’s shoppers are more connected than ever before. They can source information with the tap of a phone screen and can instantly share their experiences – whether good or bad – through social media. How has this connectivity affected how shoppers access information on new products or brands?

Creative Activation Group Managing Director Gerard Feehan says the importance of on-shelf availability and ease of purchase for the connected shopper cannot be underestimated.

“Shoppers are researching their purchases online/on their phone before going to store,” he said. “They know what they want, more than ever, before they walk in-store, placing a huge emphasis on availability. If your brand isn’t visible and available, don’t expect shoppers to dwell and search.

“Real-time tracking of on-shelf availability provides brands and/or suppliers with the insights of where product isn’t readily available for shoppers, and allows them to deploy resources quickly to the right locations. Having product in-store versus on-shelf, and in the right location are different things.”

This is where merchandisers play an important role.

“Merchandisers are great assets who work the product by driving on-shelf availability and visibility,” he said.

“Merchandisers are passionate about getting the basics right: stock filling, shelf presentation, promotional set-up and ensuring store staff are educated on the product.”

Working in stores isn’t easy, he adds, pointing out that retailers are challenged



by inventory management, staffing levels and by servicing the customer. Third-party support can help.

“Our demonstrators and brand ambassadors are supporting both suppliers and retailers in stores,” Mr Feehan said. “They assist in management, placement and presentation of stock, they provide an extra resource to the store and engage

and convert the shopper. They’re subject matter experts and able to spend time connecting with shoppers and closing the sale.”

He says Creative Activation assists FMCG clients in meeting the needs of the connected shopper by starting with a clear definition of what retail excellence looks like for the client.

TO PAGE 54



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FROM PAGE 53

“We work with our partners to define what great looks like: what does winning in-store actually mean for their brands?” he said. “We then become obsessed with driving consistent execution – ensuring that whatever the shopper sees from one store to the next, or from online to in-store, is consistent and presents the retail excellence brand message we strategically defined.”

Utilising and connecting the data to form meaningful insights is fundamental, he adds.

“We connect sales data and stock on hand with store executional data and identify what’s worked, when and why. We love a ‘test and learn’. We love challenging ourselves to overcome obstacles.”

Mr Feehan acknowledges that shopper behaviour has changed dramatically “as we grind through Covid” and encourages businesses to conduct a thorough retail health check with the following questions:

In-store activation

- Are you getting the basics right: stock filling, shelf presentation, promotional set-up and store staff who are educated on your product?
- Do you have real-time visibility to operational execution?
- Do you have a plan to maximise your share of shelf and share of voice?

Online presence

- Do you currently understand all the points of joy and frustration with your online presence?
 - Are you currently measuring your end-to-end customer experience?
 - Are you able to add value and help your customers find the right solution?
- “We’re talking to more and more clients every day who are wanting to stand out in the changing retail environment,” Mr Feehan said.

Creative Activation is about to launch an “exciting extension” of its capabilities with the launch of a new digital application specifically designed for independent retailers.

“I won’t give away too much just yet, but if any suppliers are looking to expand how they inspire and influence the behaviour of independent retailers, then give us a call,” Mr Feehan said. “If they’re striving to drive distribution, promotional compliance or simply sales, then we have a new capability coming this year.”



LOOKING AHEAD

What emerging trends will be impacting the market in the next few years? Activate Group Australia (formerly Association of Sales & Merchandising Companies Australasia) CEO Keith Quigg works closely with the next generation of FMCG executives through the Joe Berry Award, which encourages participants to look and plan ahead. He says the industry will continue to see the acceleration of online shopping for food and grocery, as well as the rise of D2C and personalisation.

“Our Joe Berry Award essay writers [for the 2021 award] used soft drinks, liquor and confectionery as areas where the ‘personalisation’ of products can have serious impact,” he said.

“The reason this will be a future fixture is that suppliers can use personalisation as a test market, increase sales from a new source, change the competition levels and change the cost structures in production and distribution.”

The challenges likely to be presented by these new market structures are many and varied.

“For the retailer, the key challenge lives in the capacity to keep a bricks-and-mortar infrastructure in play while they build the home-delivery infrastructure to meet the accelerating demand,” Mr Quigg said. “We’re already seeing the changes that the modern market will bring: new ‘dark stores’ in strategic locations, smaller stores in high population districts, bigger distribution centres and range

changes that will be so fluid that they’ll be difficult to maintain.

“For suppliers, the challenges focus on the innovation capacity in an unsupporting market, the compulsion to move into D2C to keep momentum and the relationship disruption with the major retail buyers.”

Keeping a brand “alive” in stores while moving to sell the same, or similar, brand online is potentially rewarding and disarming at the same time, he says.

“A very fine line for the marketing directors – keep the brand moving while you suppress the energy rush to go into a new market,” he said.

Mr Quigg adds that any consideration of the future market must include the capacity to move with the acceleration. For most companies, this will mean using an outsourced company that specialises in speed to market.

“An accelerating market is the perfect time to throw out the paradigms of ‘in-house team security’ and look at the value to be obtained by covering a countrywide campaign in quick time to a level above expectation,” he said.

“Activate Group Australia members are these specialists. Each has a team with the capacity to cover the full width of a campaign and to be able to activate any special promotional work. Service such as this takes pressure of the marketing teams and enables them to rethink their programs based on surety that they’ll be activated quickly: the lifeblood of a good campaign.”