

Digital Retailers' New Path to Purchase

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The unstoppable march of digital marketing is forcing retail brands to fundamentally transform their relationships with shoppers.

Retailers, reliant on a traditional bricks-and-mortar heritage, face a complex task of maintaining relevance to an increasingly elusive consumer base.

The question we are increasingly asked is: how do brands take advantage of all the shiny new toys in the digital playpen to both drive traffic to their physical shopping environments and maximise e-commerce potential? Our answer is always that the solution must be a seamless integration of the virtual environment with the physical one in a way that's fresh, dynamic, and interactive.

Many retailers have been tentative about pursuing such a strategy in the past. However, with no slowdown in the mass proliferation of technology and the fragmentation of media platforms, what we find is that the sector is facing up to the sobering reality of increasing consumer control and a purchase path that's ever harder to manage.

What retailers have learnt is that innovation and creativity are no longer aspirational luxuries for retail marketers: they are business essentials.

Circular Path to Purchase

Recently I was discussing these challenges with Gwen Morrison, CEO of The Store, The Americas and Australasia, the retail hub of the WPP Group. Her view was that technology has changed the path to purchase.

"It used to be that the path to purchase was linear," she said. "A retailer would build brand affinity, followed by a call-to-action, which would trigger the consumer to put the product into the shopping cart and go. Now, with all of the digital tools at the consumer's disposal, the path to purchase is more of a circular one."

What this means is that thanks to social media and geo-social applications, the consumer has now circumvented – or even "toppled"- the traditional purchase path. Consumers now have the ability to research product information via Google, Facebook and other social media, as well as from manufacturer websites. Increasingly, it is only after extensive due diligence that consumers actually pull the trigger on brand purchases.

The problem has been that while most retailers might rate a 10 for the emphasis they put on digital in their marketing plans, both MediaCom's experience and The Store's is that they often fall short when it comes to actually committing the required resources.

"Allocating incremental resources is difficult when you aren't making your numbers because of the most severe global economic downturn since the Great Depression," is how Gwen expresses this conundrum.

Digital Opportunities

Ironically, the increasingly precarious state of the global economy could encourage marketers willingness to experiment with digital. That sounds counterintuitive but because investing and experimenting in digital is generally cheaper than spending in traditional media, the pendulum could swing in its favour if or when margins and budgets are tightened.

Already brands are pushing us and we are constantly pushing the media owners we work with to be cleverer in leveraging digital opportunities in a more cost-effective manner. Until the economy turns we expect that many retailers won't be able to invest in bricks-and-mortar capital improvements, so the focus will be on the digital arena as the place where they can afford to make a difference.

One of the lasting effects of the recession is that consumers remain price sensitive and value conscious. Because times have been tough and could get tough again, they are demanding greater transparency and engaging experiences from retailers.

Some smart bricks-and-mortar operations have been able to evolve through high-tech acting as a momentary escape for jaded shoppers who are yearning for richer retail experiences.

For instance, Bloomingdale's recently created a very slick, high-tech fashion counter at its flagship midtown Manhattan store. This beautiful environment is bursting with digital video touting high-end cosmetics. To promote it, the retailer surprised shoppers with a flash mob. Actors, posing as shoppers, were recruited to drop their bags at an appointed hour and start dancing at the cosmetics counter to loud music blaring from the store's speakers. This impromptu dance party was videotaped by Bloomingdale's and then posted on YouTube to great viral effect.

Taking Retail Further

It's an approach that harks back to the 1980s in some ways. "In the '80s, brands were striving to become a part of the popular culture," recalls Gwen. "Nowadays, it is about going viral. The trick is to integrate rich experiences online with bricks-and-mortar."

This is not to suggest that every retailer should start contemplating their own Bollywood bricks-and-mortar production; in fact, more subtle but progressive ideas that focus on practicality and service to the consumer can be as effective as entertainment.

For example, Topshop, the proprietor of stylish and trendy apparel, has installed virtual display technology near dressing rooms to allow shoppers to immediately see how they look in a particular outfit. Diesel in Spain has taken it a step further with the introduction of Diesel Cam, which allows shoppers to photograph themselves in Diesel clothing at the physical store and post it on Facebook.

American pharmacy chain Walgreens has been successful in using mobile not only as a marketing medium-through which it offers coupons and other incentives-but also as a means of facilitating the shopping experience. Walgreens' shoppers now have the ability to use smartphones to fill prescriptions and order photo prints in advance, saving them time waiting in line and placing orders. This also helps stores operate at peak efficiency.

Finally, some daring marketers are extending their brands out of the stores and into the streets. Gap launched its very own gourmet taco truck, dubbed Pico de Gap. The mobile unit promoted the brand's newest 1969 denim offerings for the Fall season, while offering fun faire by TV chef Ryan Scott. To further the brand message, two tacos and a drink were cleverly priced at \$1,69 and, with a proof of a same-day Gap denim purchase; the tacos were on the house. Visitors received a \$20 coupon on the 1969 collection. Truck destinations were unveiled on Twitter and Facebook

Return-on-Involvement

With all of these exciting new case studies involving online video, mobile and social media, have other retailers been inspired to follow suit? As often happens with new technology,

some retailers are remaining tentative for longer than they need to.

One thing that is holding many back is the inability to track these new initiatives to sales results. However, a new spin on ROI is emerging in the retail sector, and ROI is being re-defined as Return-On-Involvement in many quarters. This is based on the notion that if you create more relevant, highly targeted offers with sustained interaction (for which digital media is the perfect platform), retailers will develop more “high-value” shoppers.

To me that would seem to be as close to the Holy Grail as you could find in retail.

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