



How to Reach Shoppers by Really Trying

Retailers and shoppers appear to vary on what they consider to be the biggest influence on sales, according to “Limits to Limitless,” a 2014 marketing spending industry study by Wilton, Conn.-based Cadent Consulting Group.

On the whole, retailers participating in this study believe spending funneled through trade promotion and shopper marketing is most effective in generating sales. Meanwhile, trade and consumer promotion are favored by shoppers, who told researchers that advertising is good for awareness but has less influence on actual purchase.

Interestingly, digital — which 54 percent of retailers said is most effective in generating sales — appears to generate more hype than results among shoppers, the study suggests.

Among manufacturers, traditional trade promotion has dropped from about half of all marketing spending to about 44 percent, as customized spending — digital and shopper marketing — has doubled since 2012, while traditional advertising and consumer promotion have declined.

Where retailers and consumers really part ways, according to the Cadent study, is on the effectiveness of shopper marketing.

Retailers regard in-store events and retailer-specific offers and merchandising as having the most impact on generating sales.

But events rank low among shoppers in what they say most influenced their decision-making, with most favoring retailer coupons and merchandising.

“Here’s what came through loud and clear: Shoppers are telling us that the importance of discounts, value and coupons is still paramount,” says Ken Harris, Cadent managing partner. “Regardless of how you look at it, feeling smart and getting a discount is huge.”

So, What Does This Mean?

The convergence of two major trends in the industry has created this situation, Cadent explains: “First, manufacturers have limited resources or resource constraints. Every week, we hear about layoffs, reorganizations and doing more with less. This may be driven by Wall Street demands, acquisitions by private equity firms, or just a compelling need to stay competitive.”

Marketing spending is also feeling the strain: “There is an increased demand to justify the impact of spending on sales and return on investment. These resource constraints are even more evident in the current low-growth environment, especially for center store categories.”

But “limitless” opportunities, the study contends, are being generated on two fronts: the growth of new marketing

RETAILER: How Effective is Manufacturer Shopper Marketing by Vehicle in Generating Sales?

(% Effective/Very Effective)



Retailers favor in-store events, retailer-specific coupons and fixtures as the top drivers.

SHOPPER: How Effective is Shopper Marketing at Impacting Shopper Awareness/Purchase Decisions?

(% Effective/Very Effective)



Shoppers strongly favor retailer coupons and merchandising.

spending options driven by personalization, customization and efficiency, and second, the potential to grow in new places or formats. “This includes expanding beyond the traditional retail footprint and embracing the complexity of today’s environment,” Cadent says. “It is this combination of limited resources yet unlimited opportunities to market with new vehicles and in new places that creates this ostensible paradox of limits to limitless.”

In essence, Harris says, consumers don’t really care exactly how discounts are delivered, just as long as they get something that’s important to them. **PG**

For more insights from the Cadent study, visit Progressivegrocer.com/cadent.