



Shopper Marketing

How to Increase Purchase Decisions at the Point of Sale

THE SUMMARY IN BRIEF

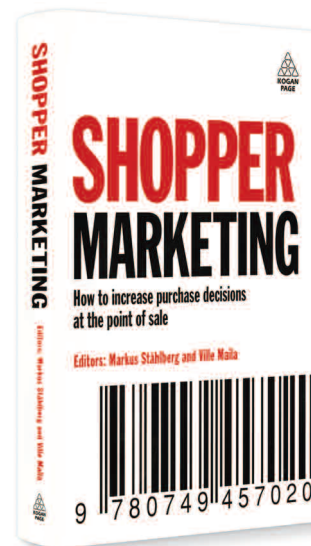
The aim of “shopper marketing” is to turn shoppers into buyers at the point of purchase. A relatively new area of marketing, it is attracting increased investment each year — and according to surveys is growing even faster than Internet advertising, with an expected annual growth rate of 21 percent by 2010.

Research has shown that there is plenty of opportunity to influence customers’ decision making in the store, so there is much at stake: At least 70 percent of brand choices are made in the store. Some 68 percent of purchases are not planned in advance. Only 5 percent of shoppers are loyal to one brand of a product group.

Shopper Marketing will show you how to make the most of point-of-sale marketing. The information it contains comes from articles written by many of the field’s top experts from around the world, and it provides practical advice regarding shopper needs and trends, retail environments, effective packaging and much more. This summary is a must-read for all marketing, sales and retail practitioners, as well as for students of sales and marketing.

IN THIS SUMMARY, YOU WILL LEARN:

- How shopper marketing has grown to be a significant global marketing phenomenon.
- How shopper behavior is changing.
- How to move beyond vague, commonplace marketing buzzwords and phrases by learning directly from the top shopper marketing practitioners.
- How to tap into a more in-depth understanding of new areas of shopper marketing.



Edited by Markus Ståhlberg
and Ville Maila

CONTENTS

Science of Shopping

Page 2

Seven Barriers to Development of Shopper Marketing

Page 3

Bringing Shopper Into Category Management

Page 4

Tailing Your Shoppers: Retailing for the Future

Page 5

The Conversion Model for Shopper Research

Page 6

Winning Shoppers With Cause Marketing

Page 7

A Physical Relationship With Consumers

Page 8

THE COMPLETE SUMMARY: SHOPPER MARKETING

Edited by Markus Ståhlberg and Ville Maila

The Editors: Markus Ståhlberg is the CEO of Phenomena Group Ltd. Ville Maila is the planning director of Phenomena Group, which is the first shopper marketing company to be founded in Europe. Phenomena Group specializes in shopper marketing campaigns and is the global leader in package promotions. The firm operates in 40 countries.

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Science of Shopping

As retailers, you must be tactical: You must know who your customer is, and you must create a window display that he or she will understand. For instance, Kiehl's, which sells all-natural bath and body products, uses its store windows as a pulpit for highlighting social issues, a practice perfectly aligned with the priorities of its customers.

Shopping behavior researcher and Envirosell CEO Paco Underhill proposes the following to modern retailers: Let's liberate our design teams. Let's take our lessons from Absolut Vodka's legendary advertisements; Calvin Klein's dark, clever ads; and Benetton's stridently correct ones. Windows can be like literature. It's OK if not everybody gets the story you're telling. What is important is that the target customer gets it.

Point of View on Shopper Marketing

Gordon Pincott is the chairman of global solutions at Millward Brown, one of the world's leading marketing research companies. He points out that a 2007 study conducted by Deloitte in the United States suggests that the portion of marketing budgets devoted to point-of-purchase activity doubled from 3 percent in 2004 to 6 percent in 2007, and is expected to reach 8 percent by 2010.

When consumers enter a store as "shoppers," they arrive in a particular mood, having chosen this particular retail outlet to fulfill their particular mission. They arrive with opinions concerning quality and value. But, even more importantly, they arrive with well-developed preferences for brands, based on associations built up over time from advertising messages, word of mouth and per-

sonal experience. On average, around two-thirds of people know what brand they want to buy before they go into the store. About three-quarters of these "intenders" follow through on their plans. For shopper marketing to be effective, then, it needs to work with the predispositions people bring with them to the store.

Integration

We need to integrate our thinking and our actions so that what we do in the store dovetails with what we do outside.

There are two keys to unlocking the power of shopper marketing. The first is to develop communications within the point of purchase that acknowledge that the mindset and motivation of a person shopping are very different from the mindset of someone watching, reading or listening to ads at home. The second is to build presence in the store, with a robust understanding of the brand associations that already exist in the minds of consumers as the result of communications outside of the store.

Shopper marketing should be a seamless part of the marketing discipline, considered and developed in conjunction with all the other marketing elements. ●

Shopper Marketing: The Discipline, The Approach

Jim Lucas is the director of the shopper marketing group at Drafftcb, one of the largest global advertising agency networks. He writes that, over the next few years, retail will change quickly and dramatically. To survive, the store has to become its own brand. Strong



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Summary: SHOPPER MARKETING

brands provide a unique shopping experience and differentiate a store from its competition, and create shopper loyalty. For manufacturers to survive in an environment where retailers are devoting more time and space to talking about their store brand, the manufacturer must align with retailers in creating a unique shopping experience.

In view of this situation, shopper marketing can be thought of as a discipline (generating insights and understanding shoppers) and as an approach (an intuitive understanding of shoppers that allows us to act).

The 3 Ss Approach

The overall process can be thought of as follows:

- **Shelf.** The shelf serves as our starting point. Shelf may refer to a category, a department or an aisle. The challenge is: How can retailers and manufacturers improve the shopping experience, e.g. relevant assortment editing, more intuitive shelf organization, better education, enablement or inspiration, at the shelf?
- **Shopper.** A focus on the shopper not only provides the best source of insight, but serves as an important tool for aligning the retailer and manufacturer. The shopper helps unite retailer and manufacturer in terms of both their shopper understanding and their ability to deliver relevant communications in-store. A useful way to study the shopper is to map the path to purchase. This mapping typically goes beyond the store to help identify critical junctures in the purchase process where relevant information and experience can be best delivered to shoppers.
- **Store.** The store is a medium. Like other media, it has a format, an audience (shoppers) and editorial content (retail brand and/or shopping experience). Today's store is a brand. Thus, each retailer has a different focus.

Go-to-Market Calendarization

The calendar plays a critical role in the go-to-market process. The calendar incorporates shopper insights, retailer focus and brand news throughout the year. Typically, individual calendars are developed for each key retail account. By using a calendar approach, marketers ensure that each event in a calendar supports the overall shopping experience or store as a brand. Align the needs of the shopper, retailer and manufacturer on the calendar and leverage the equities or assets of each. ●

Seven Steps Toward Effective Shopper Marketing

Luc Desmedt is a sales development specialist at LD & Co. He writes that shopper marketing has become a

Seven Barriers to Development of Shopper Marketing

Here are seven barriers that have hindered the development of shopper insights and ultimately shopper marketing:

1. Organizational structure and budget allocations based on old priorities.
2. Not many leading marketing executives who are also qualified shopper marketers.
3. Lack of real shopper insights and shopper research.
4. Legacy processes and the challenges of current advertising process timing.
5. Using current standards of measurement for in-store activity.
6. Using retail as media is not easy, not turn-key like buying media. Finding the win-win-win for consumers, retailers and marketers is very difficult.
7. Retailers are not really media moguls. Their first priority is to sell more products, to more people, more often — *not* to monetize their stores as true media.

strategic priority for most manufacturers. In order to help brand manufacturers implement effective shopper marketing, LD & Co. has developed a pragmatic approach building on seven steps:

Step One: Start with the corporate and marketing objectives and strategies. Whatever is communicated to the shopper at the point of sale needs to be fully consistent with the brand strategy and in line with the brand communication via other media channels.

Step Two: Make the right choices. The decision as to which level of focus and attention will be attributed to which retailer should be based on a careful screening of each retailer, taking into account three key criteria: the economic value of the retailer to the manufacturer, target customer value and collaborative opportunities.

Step Three: Get an in-depth understanding of the current business situation at the key retailers. Shopper marketing can only be effective if the activity succeeds in combining the brand's interests with the category opportunities for the retailer. In order to detect these opportunities, an in-depth business analysis of the category at the retailer is a must.

Step Four: Get an in-depth understanding of key

Summary: SHOPPER MARKETING

retailers' organization, objectives and strategies.

Retailers will be motivated to give full support to an initiative when they see clear benefits for themselves: activities that help them in achieving their marketing objectives, and that respect their operational standards and ways of working.

Step Five: Know the shoppers and their shopping behavior. Basically every manufacturer of consumer goods today understands that consumer insights represent the basics for successful product development and marketing support. The same goes for shopper marketing.

Step Six: Develop a shopper marketing strategy and plan as part of tailored and complete account plans. Shopper marketing activities are part of a larger, synergetic framework. It should be the ambition of every shopper marketer to develop and implement activities that use the impact of all the manufacturer's efforts at and around the point of sales.

Step Seven: Execute with excellence and measure the results. The most crucial part of the process, ensuring a perfect execution, is then to be started. In reality this means paying attention to a variety of small details to make sure that the right products get to the point of sales at the right time and in the right place. ●

Bringing Shopper Into Category Management

Category management expert Dr. Brian Harris, founder and chairman of the Partnering Group, writes that shopper marketing, like category management, represents an opportunity to use the competitive strengths of companies that believe in early-mover strategies for competitive advantage. These competitive strengths arise from forward-thinking management in combination with the impact of a number of other influences, including information and technology advantages, emerging competitive threats and superior collaborative capabilities. In the case of category management, the initial adopters typically also had a history of innovative leadership in the adoption of other new approaches and methods.

In the case of shopper marketing, the continual search for competitive advantage will again lie at the center of interest for this new concept. Again, it will be relatively small numbers of retailers and manufacturers that will lead the adoption and disproportionately influence the shape of this emerging management approach.

Shopper marketing will capitalize on the new insights that are now possible into consumer shopping habits and

behavior. These insights will come from new data sources, especially data obtained from loyalty cards and shopper research. Leadership advantage in the use of new tools for analyzing these data, such as shopper segmentation tools; and for collecting these data, such as in-store kiosks, intelligent shopping carts and in-home scanners, will provide the foundation for unlocking these powerful new insights into shopping behavior. These insights will provide the information needed to influence shopper behavior at the point of maximum impact — at the point-of-purchase decision making. This is the essence of shopper marketing.

Connecting, Engaging and Exciting Shoppers

Australian marketing expert Michael Morrison and journalist Meg Mundell write that shoppers are “tuning out” when faced with traditional modes of in-store marketing. Their declining receptiveness poses a major dilemma for brands: How can they build strong, lasting customer relationships?

Today's top brands are meeting the challenge by taking a personal approach: They set out to forge an emotional in-store connection with shoppers. Experiential shopper marketing (or emotional branding) signals a shift from simply selling products to selling experiences. This new and burgeoning field harnesses the power of the five senses to connect, engage and excite shoppers:

- **Sight.** Crayola's vibrant flagship store in Kansas City uses the emotional impact of color to powerful effect. Within the store's bright, open-plan interior, color not only imbues the space with a sense of energy and fun, it also operates as an orientating device, product identifier and invitation to play.

- **Sound.** Abercrombie & Fitch carefully tailors its in-store music to match the tastes and preferences of its target market, using a customized playlist to create an interior soundscape in close harmony with the brand's own image — upbeat, energetic, fun, youthful, carefree and high-volume.

- **Smell.** Supré, an Australian-based fashion chain, took part in a 2007 study to investigate how in-store atmospherics impacted on shopping behavior and satisfaction levels. A pleasant but subtle vanilla aroma, particularly when paired with loud music, was found to exert a positive influence on the emotional state of shoppers, enhancing both the retail ambience and the shopping experience.

- **Touch.** Apple's flagship stores are designed to encourage shoppers' physical, tactile and personal engagement.

Summary: SHOPPER MARKETING

- **Taste.** At the Dean & DeLuca store, an up-market food provider in SoHo, New York, numerous tasting samples engage visitors directly in the food experience and encourage them to purchase.

These examples of successful shopper marketing strategies highlight a definite shift toward a new shopping paradigm, one that is increasingly personalized, connected, active and experience based. Through engaging the five senses, emotional branding connects with shoppers on this more immediate level. ●

Tailing Your Shoppers: Retailing for the Future

It should be the key objective of any retailer to make shopping a natural experience — seamlessly woven into how and where customers now live and work.

AnnaMaria M. Turano, an executive director at the management consulting firm MCAworks, writes that the future of retailing lies in the idea of “tailing” — following the target customers’ behavior patterns and designing retail concepts to mesh better with customers’ daily activities, such as commuting, chauffeuring their family, managing their household and running errands.

The proliferation of online shopping was critical in driving retailers to understand that shopping does not need to be confined to their physical storefronts; customers appreciate the ease, convenience and privacy of being able to shop online. However, e-tailing is just a small stepping stone to the future of retailing. Customers will still balance shopping in-store versus shopping at home, depending on what and when they are buying.

Retail success will be based on how well you know and act upon how your customers behave. Understanding how they shop is not enough to be competitive; retailers must understand how their customers live and evolve their retail concepts accordingly.

By “tailing” customers, retailers can identify the pain points of shopping (e.g. out-of-the-way locations, noisy stores, confusing layouts, long checkout queues) and redesign the overall shopping experience to better integrate with how customers actually live and want to live. Work and household management is hard enough; shopping shouldn’t have to be. ●

Retail Media: A Catalyst for Shopper Marketing

Gwen Morrison is the CEO, the Americas and Australasia, of The Store, which is the global retail prac-

tice of the communication services firm WPP. She writes that one significant outcome of in-store media developments is an improved understanding of how to engage shoppers from the perspectives of the creative-generated content and design. We know shoppers are not in the same mood or mode as consumers at home, and the same shopper varies in his or her needs and behaviors during different trips. The initial shortcomings of creative content delivered in retail networks underscored the do’s and don’ts when it comes to connecting with shoppers.

Here are a few basic principles:

- *Put the right message in the right place.* The ultimate benefit of in-store communications is that we are able to target shoppers in specific departments, at the point of decision.

- *Deliver the right message at the right time.* One great advantage of in-store media is flexibility. It offers the chance to customize promotional offers to the types of shoppers in the store at any given time. With new tools that match in-store advertising with register data, the dynamic opportunity of digital media will be realized.

- *Inspire the shopper.* As the industry begins to pinpoint time and place for effective content, it is important to recognize the context. Some product categories are more conducive to information-based imagery and content. For example, as shoppers wait in line at a pharmacy, there is ample opportunity to inspire them with broader ideas about health, wellness and lifestyle that can result in significant incremental purchases.

The consolidation of retail and the emergence of in-store media are contributing to a new shopper-centric landscape. Richer understanding of the potential of all retail touch-points is driving a more complex brand framework, from home to shelf to register. ●

Integrated Communications Planning for Shopper Marketing

David Sommer is managing partner for the consulting firm Mediaedge:cia. He writes that his definition of retail media includes all of the places where marketers can use retail as a channel to engage consumers: Think direct mail pieces sent out by the retailers to a targeted list. Think frequent shopper card programs.

His definition of marketing at retail also includes all of the ways marketers can engage consumers using retailers (their stores, their mailing lists, their relationships) as a communications channel. With this in mind, marketers must carefully evaluate and measure all of the value they

Summary: SHOPPER MARKETING

gain from each engagement of shoppers through the retail channel. ●

The Conversion Model for Shopper Research

Clemens Steckner is a managing partner of the market research company g/d/p Research Group. He explains that more than 10,000 products compete to catch the eye of shoppers in a typical supermarket. The consumer selects 10 or 20 products to take home, but how does he or she make this choice?

Shopper research deals with the process of searching for a product, making a decision and purchasing directly at the point of sale (POS). Most purchase decisions are not made until the customer is in the shop. The jumble of products and marketing measures runs the risk of causing shopper confusion, with the result that no purchase is made. Optimizing the purchasing process, for instance by providing clearer orientation, makes for contented customers who are also more willing to part with their cash.

Shopper Insights

Shopper research considers the various aspects of the purchasing process. Only when the sales figures are viewed together with objectively identifiable purchasing behavior and conscious and unconscious decision processes can a true insight be gained into the purchasing process. These insights can be used to improve POS strategies, ranging from the placement and presentation of goods to pricing and product design, thereby ensuring a smooth purchase without distractions, high conversion rates and minimal loss of potential buyers. The conversion model helps in recognizing optimization potential at the POS. The purchase process is broken down into individual conversion stages, from frequency and attention to information, comparison and purchase. For each of these conversion stages, both missed and achieved conversion potential need to be analyzed.

It is worth carrying out regular optimizations — shorter search times lead to greater customer satisfaction and a greater willingness to spend. Retailers and industry both benefit from this. And, not least, shoppers do too, because it makes shopping more fun. ●

Execution: What Is Shopper Marketing in Action?

As more and more retailers ban in-store materials, the

only opportunity for marketers to stop shoppers is gradually becoming the use of the package as the sole means of communication. Marketing expert Markus Ståhlberg writes that, when used correctly, package promotions are the most efficient means of increasing purchase decisions because of the 100 percent store coverage they will achieve.

This leads to the most intriguing phase of the process from the marketing perspective. The shopper has, for one reason or another, stopped in the proximity of products that can potentially fulfill his or her need. The marketer has approximately five seconds to convince the shopper to buy the brand. The product needs to stand out from dozens of almost identical products and give the shopper a reason to buy it. The reason to buy the product equals the claim. There are basically three types of claims: brand-related claims, discount-related claims and promotion mechanism-related claims.

There are two factors determining the core of the claim: the promotion mechanism and the incentive. Promotion mechanisms can be roughly categorized into premiums, competitions, monetary mechanisms and charity. The design of the optimal mechanism and thus the optimal claim is based on the selected objective and on the desired level of investment in the promotion.

Selection of the incentive is closely tied in with design of the mechanism, but it is equally important in achieving the desired results. With the incentive factor, there are basically two guiding issues in relation to the mechanism and desired investment level: quantity and quality. Based on many studies, money is the most attractive prize for shoppers in all target groups.

The next step is to ensure that the promotional claim is easy to understand and seductive to the shopper, in that order. ●

Using Emotional Insights in Shopper Marketing

MARS Advertising Inc. provides retail, consumer and channel marketing and networking services. MARS CEO Ken Barnett writes that his company's approach to shopper marketing is a one-two punch of art and science. The approach his company takes fuses both intuition and truth, pushing retailers farther while pulling the shopper closer. Marketers now have to include their behaviors while they are shopping. MARS strives to unearth the key emotional insight to form a clear picture of who the shopper is as an individual.

To create phenomenal shopping experiences, the mar-

Summary: SHOPPER MARKETING

eters at MARS have broken down The Shopper's JourneySM to a series of seven key steps in the process:

1. *The awakening.* Before a shopper begins his or her quest, there is a key event that paves the way for the journey ahead. It's when mass marketing aligns perfectly with mass need. Those who are buoyed by these waves of messages will heed the call: compelling a consumer to become a shopper.

2. *The call.* The adventure begins with the hero receiving a call to action. This is when the consumer becomes a shopper — when he or she steps outside the masses and becomes an individual with a purpose or goal.

3. *The crossing.* The hero must cross the threshold between the familiar world and an unfamiliar world. The shopper has decided to pursue his or her quest. The crossing is all about turning those first steps into action.

4. *The path.* Once inside the store, the hero encounters a dream landscape of ambiguous and fluid forms. Here, shoppers are most susceptible to brand impressions and the shopping environment, looking for cues and inspiration to help them find the path leading to the fulfillment of their desires.

5. *The reckoning.* Here we have the moments preceding the shopper's delight. Presented with various choices, the hero lingers. This is where the knowledge and strength of the hero are tested.

6. *The prize.* The shopper becomes fully enlightened to how a particular brand can either satisfy the need or fulfill the desire. The shopper makes a decision and basks in the decision having been made, feeling "right" with it. The shopper has earned the prize.

7. *The homecoming.* The shopper returns home with the prize. The product must follow through on its promise or else there will be disappointment and bitterness. Whatever the brand can do to perpetuate the delight with information, inspiration, entertainment and other relevant purchases will strengthen the brand's promise. The shopper's delight will then radiate outward to friends, family and co-workers. ●

Winning Shoppers With Cause Marketing

Susan Gaible and Carol Cropp, the founding principals of the marketing firm PowerPact, LLC, write that a cause strategy incorporated into shopper marketing efforts will drive loyalty. They define shopper marketing as all influences on consumers once they pick up their bags and head to the store. Shopper marketing programs

based on cause strategies create long-term bonds to the hearts, minds and wallets of today's shoppers.

Here are some quick tips on creating a winning cause strategy at retail:

- **Find an issue your core customer cares about.** Learn what issues shoppers are most passionate about. When brands and retailers connect to shoppers on an emotional level — through cause marketing — shoppers pay attention.

- **Be in for the long term and integrate.** The strongest cause-marketing programs are the ones that have two key ingredients: integration and commitment to the nonprofit organization over the long term. An integrated campaign requires genuine buy-in from all levels of an organization.

- **Identify the actionable insight.** Nailing the core insight is key to a successful cause-marketing strategy, especially for in-store communication. An actionable insight must be measurable.

- **Engage the local community.** Manufacturers prefer national programs, and retailers prefer local or regional programs. The key is to create national programs with local relevance.

- **Avoid compassion fatigue.** People can become disengaged and desensitized. One good way to prevent compassion fatigue is to develop cause programs that are transparent and engage consumers on a personal level.

- **Measure, measure, measure.** Don't just measure results. Promote results — internally and externally.

- **All stakeholders need to see progress, and marketers need to see what is working.** Measurement must be defined for all parties involved — the brand, the retailer, the nonprofit organization and the shopper.

- **Allow your program to evolve.** Don't be afraid to change. The best programs are nimble. Test, learn and adjust. ●

Shopper-Oriented Pricing Strategies

Retail pricing expert Jon Hauptman, from marketing strategy firm Willard Bishop, writes that retailers today are searching for ways to enhance their price image while attracting more shopper visits, improving shopper loyalty and driving sales growth — profitably. Progressive retailers have done this successfully by developing and implementing shopper-oriented pricing strategies based on two fundamental concepts: understanding

Summary: SHOPPER MARKETING

and managing “pricing tipping points” and strengthening each of the “six dimensions of price image.”

Pricing tipping points represent a new way for retailers to manage price image efficiently and effectively in today’s increasingly competitive marketplace. They represent the maximum price gap shoppers will tolerate before shifting their spending to other stores. The exact levels are based on the actual prices shoppers see in the store, combined with their experiences and satisfaction with all other elements of the value equation, e.g. location, assortment, quality, service and so on.

To compete effectively, supermarkets don’t have to match competitor prices. Instead, they can identify and manage their tipping points by examining shopper perceptions of — and tolerance for — price gaps among retailers.

Six Dimensions of Price Image

The six dimensions of price image covered in a comprehensive shopper-oriented pricing strategy include:

1. *Everyday shelf prices.* The strategy provides direction, including price-setting objectives and rules for the regular shelf prices shoppers see day in and day out.
2. *Promotional prices.* The strategy must also determine the role that promotions play in the overall price mix at the total store level.
3. *Known-value item prices.* These represent the prices for the most important items in the store, i.e. the items for which shoppers are most likely to know the price, and that disproportionately affect price reputation.
4. *Per-unit/value prices.* Price image is also influenced by the best values — measured on a price-per-unit-of-measure basis — available in each major category across the store.
5. *Merchandizing.* A comprehensive pricing strategy offers a plan for using the power of end-caps and other special displays to highlight great promotional prices and shelf merchandizing to draw attention to strong values available in each category.
6. *Price communication.* Many retailers spend thousands of staff hours and millions of dollars conducting sophisticated pricing analyses and implementing state-of-the-art pricing technology but are not poised to receive full credit from shoppers for all their efforts and investment. ●

Packaging Can Be Your Best Investment

Russ Napolitano is executive vice president, business development, at the branding firm Wallace Church. He

A Physical Relationship With Consumers

From the time they notice your brand on the shelf and then purchase it, store it, use it and reuse it over and over again, consumers have formed a personal relationship with, and an attachment to, your brand through its package. Packaging is the one medium that results in a physical relationship with consumers.

The packaging also makes that first impression on the consumer. Consumers will often decide whether or not they are going to purchase your product through their first impression, which is usually made through the package.

Packaging plays an integral role and has a major impact on shopper marketing. For many brands the packaging usually sets the tone for all of the other communications efforts, establishing the brand’s overall look and feel.

writes that when people mention such brands as Coca-Cola, Tide, Absolut, Dove and Crayola, to name just a few, there is a very good chance that an image of their packaging comes to mind. When packages such as these become visual icons and such an important part of the brand’s overall DNA, how can anyone argue that packaging cannot be one of your brand’s smartest investments? Whether it is the physical package shape (its structure) or the color, imagery or typography, or a combination of these, many brands are identified by consumers through their packaging.

You should realize that your brand’s packaging is still one of your most efficient marketing tools for reaching your target consumers. You can still renovate or launch new packaging for less than 10 to 25 percent of the total cost to produce a television advertisement, produce and run a print ad or execute a promotion and/or a display program. Packaging will also have a longer shelf life, making it an even more cost-efficient method for reaching your consumers. ●

RECOMMENDED READING LIST

If you liked *Shopper Marketing*, you’ll also like:

1. ***Buyology* by Martin Lindstrom.** Subtitled “Truth and Lies About Why We Buy,” this book uses Lindstrom’s neuroscience research to overturn much of the logic about why customers buy certain products.
2. ***The Brand Bubble* by John Gerzema and Ed Lebar.** Led by findings from Young & Rubicam, the authors guide readers through a five-stage process for reorganizing a company around its brand.
3. ***How We Decide* by Jonah Lehrer.** In this 2009 bestseller, author Jonah Lehrer takes a fresh yet informed perspective on the fascinating subject of how we make up our minds.