Exposing The Impact –

Ecommerce Is At Warp Speed

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Are you confident that your trade spend is on target? Merchandising conditions have changed dramatically and will likely never be the same. 2020 has impacted revenue growth management and with ecommerce trends moving at warp speed, it is difficult and sometimes impossible to keep up. As you are forced to rethink promotion planning, analytics effectiveness, and shifting investments, we will expose the impact and provide the insight you need into retail-streaming, digital touch points, and digital shopping.

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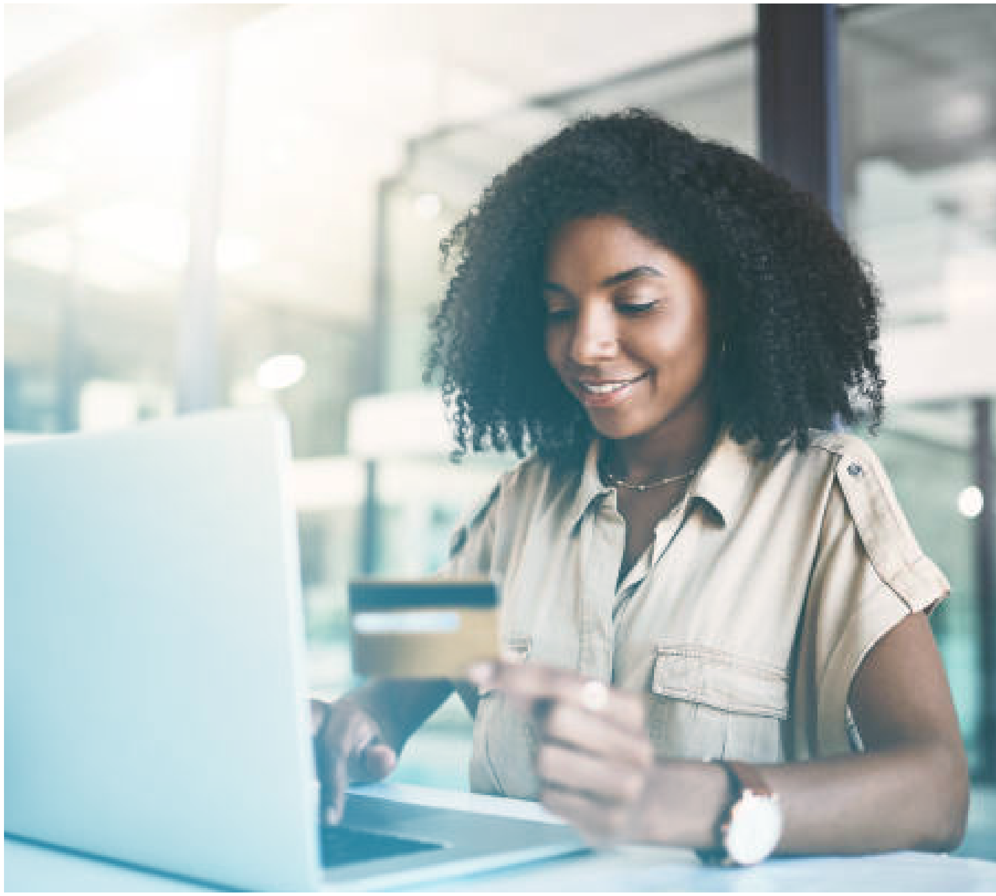


Embrace the change or be left at the station

The events of 2020 have been game-changing in so many respects, from the impact on supply chains to retail operations. In fact, if you were considering jumping on the ecommerce train with your own site or someone else's, that speeding train has left the station. Ecommerce, the digital shopper, delivery and curbside pick-up can no longer be ignored as opportunities for grocers, retailers, restaurateurs and manufacturers who not only want to survive but who want to thrive now and into the future. Businesses have been impacted in ways that reach far beyond even that of a recession year.

Take a look at these dramatic stats

Forrester forecasts U.S. retail to suffer a

$321 billion

loss this year

Forrester predicts

4 years

to get back to pre-pandemic sales

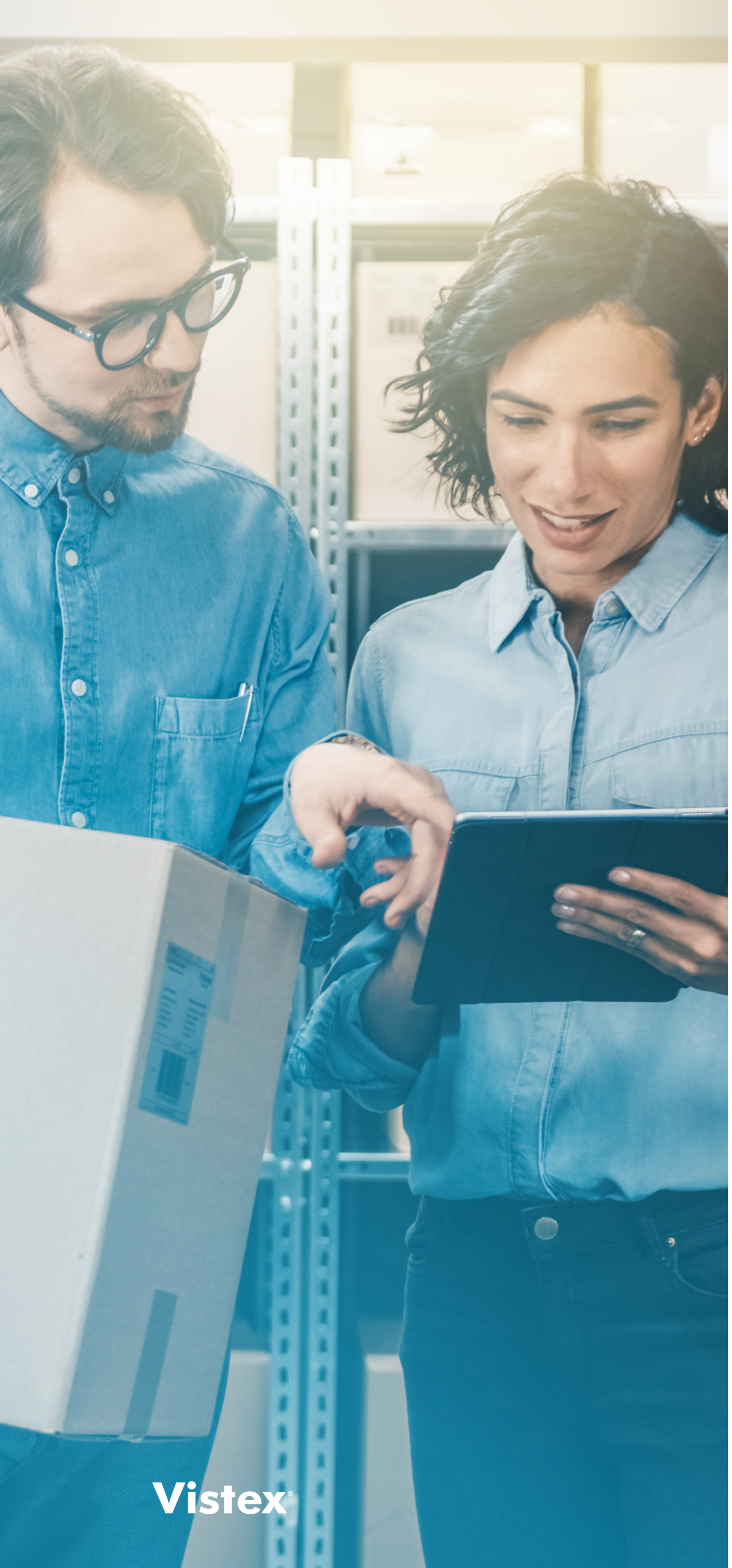
SmartCommerce consumer research study, April 2020,

59% of consumers have bought groceries online

38% of those did so for the first time

The idea that shopping behavior will return to the same pre-pandemic level that it was for brick and mortar is unlikely. The boost in ecommerce may have been a direct result of the pandemic, but for those who have gotten a taste of the convenience, personalization, and safety it provides, it could mean a significant shift in consumption and the value chain moving forward. This raises many questions including how and where to spend your trade dollars. So, how do you plan for this? What are the trends you should consider?

See 3 tips on how to get started with ecommerce trade spend planning.



Ignoring these 3 trends could leave you tied to the tracks:

1. Retail-streaming: the savior of retail

Retail-streaming might be groundbreaking for ecommerce: some say it could save retail, become a growing channel of choice, and allow retailers to sell and promote to consumers directly. In an article in *T_HQ*, retail-streaming is referred to as the future of ecommerce.

Infomercials of the past are now being repackaged and are live on the web. “They’re the multi-vendor marketplace channels that offer product manufacturers and vendors slots to advertise their inventory online to you.” Consumers are tuning in on tablets, smart phones, and computers to brands that are using ecommerce livestreaming to boost sales. For example, Tommy Hilfiger attracted 14 million viewers and sold out of 1,300 hoodies in two minutes.

What you should be aware of:

- How to capture consumer attention and keep them engaged — a tremendous hurdle!
- Social channels drive conversation, build brand, and may include ‘buy’ buttons
- Instagram is becoming the next big ecommerce platform according to *T_HQ*
- Live-stream apps are being used by retailers for events like Fashion Week according to *Retail Dive*

2. Digital touch points are increasing

Every digital touch point is an opportunity to convert to a sale. The idea of being where your customer is has not changed; however, the "where" has changed. So, moving beyond your website is an important consideration. According to *Consumer Goods Technology*, product transfers to carts from pins is up 38%.

How do you evaluate promotional efficiency and enhance revenue growth management? Or determine which is more efficient: brick and mortar or ecommerce? Where you invest your trade spend is, no doubt, an increasingly complex decision.

What you should be aware of:

- Pinterest pins can be transferred to a shopping cart
- QR codes are making a comeback
- Social media posts can be cart-enabled

3. Digital shopping intensifies complexity

Digital shopping — it is so important to understand the relationship and the mix of shopping at brick and mortar vs. no-touch shopping. Demographic shifts — such as seniors discovering online shopping — have been dramatic, and just one of many important considerations. Food and beverage manufacturers have an opportunity to take advantage of this trend and the shift to digital shopping.

But how do you track and achieve volume and growth objectives when the merchandising conditions have changed? Funding for traditional end of the aisle or end cap displays may be converted to paid digital display ads. What does this mean for planning? Consider this: Display ads don't provide the same lift that in store displays do. Will your brand identity incent a purchase?

How to gain insight:

1. Track the spend and the data
2. Define in-store vs. digital
3. Analyze it
4. See the volume driven, and spend for it

Additional trends

This is critical understanding for a move-forward plan. Real-time analysis means no number crunching is needed. And there are additional trends to consider in this new world of omnichannel consumer shopping, augmented reality (AR), and supply chain support. For example, are you optimized for the following?

Social shoppers

According to *Linkfluence*, "Social media has become one of the key online shopping channels, a consumption hub. The fact that consumers can research, review and purchase a product without leaving their favorite network speaks to one of the key requirements of a good shopping journey – convenience. The right set up and channels allow brands to significantly shorten the sales cycle..."

Augmented reality product trials

Trialing product before purchase with AR allows consumers to visualize before they buy, replacing the physical need to be in the store.

Mobile shopping

FMOT (First Moment of Truth) is now MMOT (Mobile Moments of Truth). Trade promotion can become more personalized through mobile savings apps like Ibotta or Rakuten and an advantage for retailers. These could mean no more FSIs (Free Standing Inserts) for retailers. Another shift in where to invest.

Automatic shipments

The buying process becomes streamlined, typically including discounts to the purchaser, decreases to your costs, improvements in operational efficiencies, and increased conversions.

Redeploying trade spend

Ecommerce and these digital trends introduce more complexity into an already complex TPM (Trade Promotion Management) process. And while it is not a recent development, it's become a real opportunity this year for food and beverage manufacturers, food retailers, and restaurateurs.

By investing in technology innovations, you will be able to climb aboard the speeding ecommerce train in this competitive economy and better understand how, why, and where to make the best decisions.

The Path to Purchase Institute found that more than 2/3 of consumer goods companies like yours consider trade promotion "extremely important" to the business, but many are dissatisfied with their existing management systems. Want deeper insights, better metrics and real-time response capabilities baked into your business processes and trade promotion decisions? Implementing business rules for promotional frequency and depth for each platform is possible.

Creating trade efficiency will allow you to leverage key insights and redeploy ineffective trade spend to the appropriate selling platform, driving net revenue growth, year over year.

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About the author | Joel Cartwright, Industry Principal, Consumer Products at Vistex

Joel Cartwright specializes in Trade Promotion efficiency for CPG (Consumer Packaged Goods) manufacturers. With more than 20 years of experience in Finance, Accounting and Sales Operations, Joel has worked for Sara Lee Foods US, Sunny Delight Beverage and Kimberly Clark. Joel has also spent the last 14 years focused on retail trade promotion software—including implementations, product management and support. He graduated with an MA in Business from Northern Kentucky University and a BA in Applied Science from the University of Cincinnati.

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