

KNOWLEDGE IS

DIGITAL PRODUCT CONTENT DRIVES SUPERMARKET SALES

Grocery retailing is no longer a bricks-and-mortar only endeavor. Today's ever-expanding digital marketplace is creating new opportunities as well as challenges for grocery retailers.

Whether turning to online sources or 'stacking' multiple screens to aid in the shopping process, digital has 100% impact on how everything is bought and sold today.¹

That means reaching shoppers at every stop on the path to purchase with consistent, detailed, accurate information—in as personal a way possible—is key to unlocking supermarket success today and in the years to come.

Are you prepared to harness the power digital content can provide?

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I: Making Sense of the Multi-Channel Marketplace



If there's any doubt digital is here to stay, one look at industry statistics should quell any doubt. Research shows digital technologies—including desktop and laptop computers, tablets and smartphones—influence 36 percent or \$1.1 trillion, of in-store retail sales.

Projections show that number will likely increase to 50 percent of in-store sales by the end of 2014.²

This revolutionary approach to retailing is impacting grocery in a big way.

Considering consumers from all walks of life, and from all demographic age groups, buy groceries, the importance of digital content to food retailing becomes clear.

Grocery retailers will have to quickly adapt their marketing strategies to include complete, accurate and up-to-date product information online if they want to capture and keep tech-savvy shoppers.

→ Price Chopper Moves to Create a Comprehensive Digital Strategy

Price Chopper Supermarkets/ Golub Corp. has formed a shopper and digital marketing department that will concentrate exclusively on developing shopper marketing programs and guiding the Northeast regional grocer's digital strategy. The team will aim to build incremental sales and customer loyalty through comprehensive marketing and merchandising programs focused on key selling occasions and themes employing Price Chopper's digital properties and traditional marketing vehicles.³

II. Why Care? It's Simple—Digital Shoppers = Improved Sales!



Clearly, consumers are embracing digital devices. But since research shows most of them still shop brick-and-mortar stores—and will continue to do so, at least in the near future—why bother developing and investing in a comprehensive digital content strategy?

In a word? Sales!

Statistics reveal that shoppers who use multiple channels to research products on the path to purchase spend more per trip and are more brand loyal than those who rely on just one device. Digital content—when delivered professionally, accurately and consistently across multiple platforms—strongly and positively impacts in-store traffic, conversion, order size and loyalty, which are all key measurements of a retailer's success.



The impact of digital on various retail measures of success

ONCE THE HABIT IS CREATED, SMARTPHONE OWNERS OFTEN USE THEIR SMARTPHONES FOR ALL SHOPPING TRIPS.⁴

TRAFFIC

84% of visitors report using digital for shopping-related activities before or during their most recent trip to a store

CONVERSION

Consumers who use a device during their shopping journey convert at a **40%** higher rate

ORDER SIZE

22% of consumers spend more as a result of using digital – with just over half spending at least 25% more than they had intended

LOYALTY

75% of consumers said product information found on social channels influenced their shopping behavior and enhanced brand loyalty

SOURCE: DELOITTE DIGITAL, "THE NEW DIGITAL DIVIDE," P. 3

"The influence of digital devices on the shopping journey, a dynamic Deloitte calls the 'digital influence factor,' is not only shaping how customers shop and make decisions in-store. It is setting new digital expectations of retailers in terms of how they help their customers gather pertinent information to make shopping decisions and purchases."⁵

In fact, research shows that retailers who ignore digital marketing's potential risk missing sales opportunities and, at times, even financial peril:

- * An omnichannel customer is 21% more profitable than a single channel customer⁶
- * Retailers' digital offerings can persuade customers to spend more. In fact, shoppers who bought more—while using digital—said they spent 25 percent more than what they had originally budgeted.⁷
- * Lack of cross-channel integration results in an estimated \$45 million in lost sales for every billion dollars in revenue. Conversely, a 4.5% revenue increase is expected with cross-channel integration.⁸

III: Grocery Shoppers' Digital Demands

Understanding and accepting the fact that digital platforms are here to stay is an important first step in not only surviving, but also thriving, in this brave new world of retailing. Knowing what customers want from an online experience is the essential "next step" in building a digital strategy that ultimately will lead them—on their diverse and unpredictable path to purchase—to shop your store.

Recent research shows that shoppers' basic demands are really quite simple when it comes to what they expect from the digital world. They want a mobile experience that helps them save time and money in a hassle-free way. Among the most desired features of mobile shopping applications:⁹

- * Digital coupons
- * Real-time coupons
- * Shopping list reminders
- * Ability to track spending while scanning and bagging
- * Ability to track loyalty points/gas points
- * Ability to total savings at the end of a shopping trip



In fact, more than 52 percent of grocers identify e-coupons as the most important use of mobile technology, and that rises to 67 percent among large chains.¹⁰

Personalization is also imperative: Today's shoppers expect vendors to know about their past purchases, preferences and devices—and they expect retailers' communications to reflect that knowledge. Personalizing the shopping experience helps retailers reach shoppers and influences them to buy more! It is vital to cross-selling and provides an important platform to drive order size.¹¹

IV. Build a Strong Digital Foundation to Win Customers' Hearts, Minds and Wallets

Digital content has come of age. Now, shoppers expect to see products on both brick-and-mortar store shelves and on 'virtual shelves' online.

Considering a grocer typically carries 40,000 SKUs or more, it's easy to see the daunting task food retailers face in getting such a massive inventory of products, in its entirety, represented accurately across multiple channels. Complicating the equation: Some leading retailers have started offering "store level assortments" online. Shoppers can enter their zip code or select their preferred store location to see the products available in a particular store.

Simply having those elements along the path to purchase isn't enough. Consumers demand consistent, accurate, context-driven content—the same information on the same package design, in the same size and with the same product code, whether the product is examined on the shelf, in advertising, at a kiosk, on a website, on a smart phone app or on a nutritionist's blog. In fact, nearly 40% of shoppers said they would not buy a product if they did not trust the accuracy of the digital information.¹²

For example, a shopper with an electronic coupon that doesn't match the product on the shelf or the point-of-sale display, or who created a shopping list based on online images and information and can't find the match in-store, may be confused and frustrated at the "moment of truth" when the purchase decision is being made!

Shoppers just might walk out of a store or log off of a website if their expectations aren't met—which means losing the sale of the item they originally were researching. Consequently, grocery retailers must build a strong foundation of digital product content to capture the hearts, minds and wallets of tech-savvy shoppers. That foundation should include:

- ★ High-resolution images
- ★ Product dimensions, including weight
- ★ Nutritional information, including ingredients, allergens, calories/fat per serving
- ★ Warnings, directions and more
- ★ "Romance" copy that describes each product's highlights

Smartphone-enabled shoppers want applications that save them money through coupons and special offers...across the total survey population, coupons and real-time coupons are the most desired features. In addition, they want features that help them be smarter about what they spend and how they spend it.¹³

V. Tackling the Challenges of Digital Content Management

When asked to name big issues keeping them up at night, today's time-starved grocery retailers ranked "keeping up with advancements in technology" above price increases and food safety!¹⁴

Most grocery operators debuted during the pre-digital era; now they must market to a generation of shoppers who grew up online. Among their most pressing concerns: figuring out how to connect with and keep these shoppers engaged, and staying on top of digital trends—all while addressing customers who still consume traditional marketing media via flyers and newspaper ads.¹⁵

To manage digital product content successfully, retailers must:

- ★ Obtain comprehensive digital product content from a multitude of CPG suppliers and/or a product content provider—all with the assurance the content is complete, accurate and up-to-date
- ★ Leverage that digital content for various corporate purposes, while making sure it has been delivered in a format that is compatible with your systems and meets the technological requirements for each digital platform
- ★ Consolidate access of this digital content to serve various internal departments for efficiency, consistency, and a single version of the truth—a HUGE challenge since approximately 25% of CPG products are updated annually!

Overall, retailers are making headway, albeit at various speeds, in navigating the digital highway. But making sure product information is complete, accurate, up-to-date, consistent, personalized, and optimized for presentation on multiple viewing devices—smartphones, tablets

Many executives in your company may be working on disparate pieces of the digital customer experience. The "dots"—from digital to customer experience, to merchandising, to vendor decisions, and others—should be connected by an integrated strategy.¹⁶

→ Don't Ignore Private Label in Digital Content!

Private label is on a growth path, making it a necessary building block of any digital content foundation.¹⁷

According to data The Nielsen Company provided to The Private Label Manufacturers Association (PLMA), private label brands are outpacing national brands in dollar and unit gains and setting new share records in all major U.S. retail channels. For example, unit and dollar shares rose to 23.4% and 19.4%, respectively.¹⁸

Significantly for private label's future, Millennials are regular purchasers of store brands, think highly of the products, and give them high marks vs. national brands.

Almost four in ten said they buy store

brands frequently, and 71% named value as the main reason they buy the store brand as opposed to the national brand.¹⁹

All that makes a strong case for including private label in an overall digital strategy.

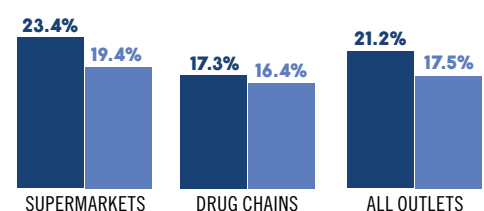
Because while store brands are burgeoning, retailers can't rest on their private label laurels. To capitalize on current momentum, they must make sure store brands appear on search engines, mobile apps, websites and circulars or risk losing sales to national brands or to competitors'

private label lines. Retailers must create private label content, or outsource content creation to a digital content partner (see page 6) who can help.



Store Brands Market Share

52 WEEKS ENDING 12/27/13



SOURCE: PRIVATE LABEL MANUFACTURERS ASSOCIATION

Overall, shoppers are looking for an experience that is consistent in terms of branding and information across digital device platforms.

and PCs—can be a complex, expensive, and time- and labor-intensive process. To facilitate that process, retailers can:

- ★ Clearly define product content requirements to manufacturers and product content providers
- ★ Consolidate content to serve as ‘one version of the truth’ for corporate needs across departments through a central data repository
- ★ Allow permissions-based access to product content for internal functions, helping to ensure internal departments can quickly leverage the right content, in the right formats, for their specific needs

Product content management is a process, not a project. With an average retailer having 40k SKUs, and approximately 25% of those products being updated annually, retailers need to:

- ★ Establish standardized and sustainable processes to allow for frequent updates of product information
- ★ Remain focused on keeping this content up-to-date in their internal systems and across channels

VI. Turning to Digital Content Partners

The ways in which grocery retailers will overcome the challenges inherent in building a successful digital content foundation will be as varied as the businesses they operate. And while there is no one-size-fits-all approach, there is a place all retailers can turn to for help: a digital content partner.



Partnering with a digital product content provider like Gladson ensures retailers have complete, accurate and consistently updated product content.

IMAGE PROVIDED BY GLADSON

Many retailers today are working with content partners to help them create, maintain and distribute digital product images and information to ensure high-quality content is available to their shoppers via their digital channels.

These companies help retailers’ internal teams perform their jobs more efficiently by providing access to the right content in the right format across all digital platforms—and save the retailers time and money in the process.

Utilizing digital product content partners to create, maintain and distribute product information also:

- ★ Reduces the chance of losing sales to competitors, which can happen when product information is not available when, where and in the format shoppers need it
- ★ Engenders consumers’ trust and builds brand and store loyalty
- ★ Supports retailers’ and manufacturers’ joint goals of increased basket size, shopper loyalty and operational efficiency

- ★ Empowers the retailers' marketing and brand teams to do more by having the right content in the right format at their fingertips

Clearly the universe of digital content—along with shoppers' expectations about the content being delivered—continues to grow, almost exponentially. Refining product content processes today will position grocery retailers to leverage whatever new technologies the future has in store.

Managing digital content is more than a one-time project—it is an essential and on-going process, one that requires grocery retailers to adapt merchandising and marketing strategies to keep up with the accelerating pace of change.

Those who are able to create engaging in-store experiences with empowering digital content will be best positioned for the changes taking shape across the industry and will successfully harness the power of digital content—provided accurately, quickly and consistently across multiple platforms—can provide.

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→ Meijer Offers Free Wi-Fi/Mobile App

All Meijer stores recently began offering Wi-Fi capability, making it easier for customers to access their mPerks accounts as well as the Meijer mobile app—all without having to use their data plans while shopping. The app is available as a free download for iPhone and Android users and offers features including the ability to view and clip coupons; create and check off items on a shopping list; browse sale items and save them to a shopping list; and search and find products on a store map.²⁰

→ Walgreens Deploys Personalized Digital Coupon, Analytics Platform

Walgreens' more than 100 million Balance Rewards members can access paperless coupons and digital receipts, as well as clip digital offers from its website and within its mobile app using a new solution from Coupons.com. Called RetailerIQ, the solution also enables users to redeem offers at point-of-sale by swiping their Balance Rewards cards. Walgreens began rolling out Retailer iQ early in 2014. Retailer iQ is a targeting and analytics platform for grocery, drug and mass merchandisers that was developed to change the promotions and checkout experience for shoppers and retailers by making them digital, mobile and personalized.²¹

→ ExtraCare Members Can Redeem Even More Rewards Digitally with Enhanced 'Send to Card' at CVS/pharmacy

CVS/pharmacy announced April 24, 2014, that it expanded its ExtraCare program, allowing members to easily send more of their savings and rewards directly to their ExtraCare cards. Through the Send to Card feature, ExtraCare cardholders can now digitally send all personalized offers available on CVS.com and the CVS Mobile app, as well as coupons received via email, to their cards in a single click. ExtraCare members can access Send to Card via CVS.com, on their mobile devices or through the CVS/pharmacy iPad app.²²

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→ ABOUT GLADSON



Headquartered in Lisle, Ill., Gladson provides product information and related services to consumer goods manufacturers, retailers, wholesalers and brokers. The

company builds databases of digital product information and images for a wide range of uses, including shelf space management, e-commerce, mobile applications, category management, logistics, advertising and market research. Gladson also provides data analysis, consulting and in-store merchandising solutions that support efficient planogram implementation and increased product sales. Gladson is a GS1 US Accredited Provider for Package Measurement Services. For more information, visit www.gladson.com.



Shoppers search
for products
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