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NEXT STOP— THE FUTURE OF CONSUMER ENGAGEMENT



Technology



Surprise
& Delight



Personalized
Experiences



Hyperlocal



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By Retail News Insider

Historically, retailers and CPGs have focused on advertising and marketing efforts that helped them spread their messages to consumers. Think billboards, sales flyers, TV commercials and one-size-fits-all loyalty programs.

Given that they ran the environment, retailers and CPGs naturally thought they were the ones who were in control of influencing buying and loyalty decisions. Then came Big Data and the ability to gather, process and analyze immense amounts of consumer information (of which the average

household generates enough to fill 65 iPhones each year, according to IT firm EMC)—from demographic details and spending habits to brand preferences and affinity patterns.

What progressive retailers and CPGs utilizing this technology discovered was that there

are in fact many different segments of consumers and they all react differently to efforts made to drive sales and loyalty. “This realization is what finally put consumers in control,” explains Nicole LeMaire, Vice President for Interactions. “In truth, they had always been there. But now there was the data to prove it. As a result, we’re seeing the landscape of consumer engagement rapidly evolve from one that was based on intuition to one that is driven by facts.”

One of the clearest insights the data has revealed is that consumers want to interact with retailers and

brands on their terms and in their own communities to find out what's in it for them as individuals. Of course, there's a lot in it for retailers and brands, too. According to a recent Gallup poll, consumers who are fully engaged represent an average 23 percent premium in terms of share of wallet, profitability and revenue. So just how are retailers and brands supposed to go about engaging newly-empowered consumers? This month, we get an inside look at four trends Interactions' consumer engagement experts predict will lead the way to success in the coming years.

Surprise and Delight—Capture Attention through Disruption

Seventy percent of buying experiences are based on how consumers feel they are being treated, reports

management consulting firm McKinsey. So it is little surprise, then, that one of the top trends Interactions predicts will drive the future of engagement revolves around creating positive experiences.

“The one thing that a shopper engagement event should do above all else is surprise and delight consumers,” says Ryan Dee, Senior Account Executive of Business Development and Creative for Interactions. “Mobile tours and pop-up events are two ideal ways to do this. They’ve already started to gain traction, but they’ll become even more popular in the coming years.”

“The opportunities for these kinds of programs are nearly limitless,” he continues. “For example, a national CPG could use a mobile tour to introduce new products to consumers where they’ll

actually be using them—such as bringing sports equipment to athletic fields. Or an online grocery retailer could create a pop-up grocery store that showcases how to use its mobile app to order groceries virtually.”

Hyperlocal—Community Still Matters

Another factor shaping the future of consumer engagement is the increase in mergers and consolidations of regional banners and chains.

“As retailers merge, stores are looking for ways to keep their connection to the local community and to show consumers that they still understand their unique needs,” explains Dee. “As a result, we’ll see more focus on hyperlocal experiential events that are meaningful and relevant to the communities retailers serve. This might include things like a retailer sponsoring a food drive for a local food bank or hosting community events, all while promoting their brand.”

TUNE-UP TIP



The most successful events are those that are disruptive, says Dee. When consumers come across a mobile tour or another event they're not expecting, it makes the experience more memorable and heightens the emotional connection between them and the brand or retailer.

Lindsay Holland, Director of Sales and Operations for Interactions, notes that many of these hyperlocal events will also likely incorporate philanthropic themes. “The next few years will see Millennials’ buying power go through the roof. And because giving back is so important for this generation, I see a lot of events combining both the hyperlocal and philanthropic focuses,” she explains. “For example, you might see a national CPG brand sponsoring a cleanup at a local park to both help the community and raise awareness of its newest line of eco-friendly cleaners.”

Today’s data already makes this combination seem like a winning bet. Consider this: consulting firm Accenture estimates that Millennials will control 30 percent of all retail spending by 2020—and 87 percent of them currently donate to nonprofit organizations each year, according to a survey by research agency Achieve. That’s \$1.4 trillion that will be in the control of philanthropically-minded

individuals who will make up the single largest generation of U.S. consumers.

Personalization— Appealing to the “Me Generation” in All of Us

Interactions’ experts also predict more consumer engagement tactics focused on individual personalization in the coming years. In large part, this is in response to growing consumer demand. For example, a recent survey by consulting firm Infosys revealed that a third of shoppers want more personalized shopping experiences than they currently have—and 86 percent of consumers who have experienced personalization say it has played a role in their purchasing decisions.

“One way we’ve started experimenting with personalized consumer engagement is sending individualized invitations to consumers in the community for Grand Opening events and

creating activations for brands that make consumers the star of the show,” says Dee.



For example, Interactions recently created a photo activation for a national CPG brand where consumers were invited to engage with the brand and take fun digitally-enhanced photos. “It was a natural health bar company, so the theme we came up with was for consumers to ‘Slam Dunk’ junk food and opt for the brand’s bars instead,” explains Dee. “We designed basketballs marked with junk food ingredients and invited people to come up and have a picture taken of themselves slam dunking

the junk food through a basketball net set up in front of a green screen.”

“Consumers really got into it and were excited to share their photos across their social media networks,” adds Holland. “This not only served as a lasting reminder of their personal interaction with the brand, but also encouraged their friends to check it out.”

Technology—Digital Delivers

As the above example illustrates, technology is also going to be a key player in the future of consumer engagement—both in terms of connecting with consumers and gathering insights from those connections.

“Insightful retailers are realizing that they cannot fight the online world but instead must embrace it,” says Lance Eliot, Vice President of Global IT for Interactions. One technology Eliot expects retailers and brands to make more use of in the coming years is

Half of the top 100 U.S. retailers began beacon testing in 2014 and nearly one-third are on track to have them installed in their stores by the end of 2015. (Source: Business Insider)

in-store beacons.

“These are small devices that allow communication to shoppers via their smartphones,” he explains.

“They allow the store to provide useful information at the right time and the right place,” Eliot continues. “This can be even further augmented behind the scenes by using data collected about the consumer to better shape the interactions the retailer has with the consumer, as well as the products that are in the store and the layout. For example, the messages a beacon sends out can be made more or less frequent depending upon a consumer’s pattern of store usage. This is a kind of ‘technological customization’ wherein the technology adjusts to the specific behavior of a specific shopper.”

At their core, all of these



trends reveal one key tenet for retailers and brands: to build loyalty lasting relationships with consumers now and in the future, you must listen to and connect with them on a personal and emotional level. And because consumers are so varied, you can’t expect to rely on one single method to do that. The future of consumer engagement, then, will be as unique and varied as consumers themselves.

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