

Me Marketing: Get Ready for the Promise of Real-Time, Context-Aware Offers in Consumer Goods

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What if Your Grocery Store *Really* Knew You and Your Preferences?



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Predictions

By 2017, 15% of consumers will respond to context-aware offers based on their individual demographics and shopper profiles.

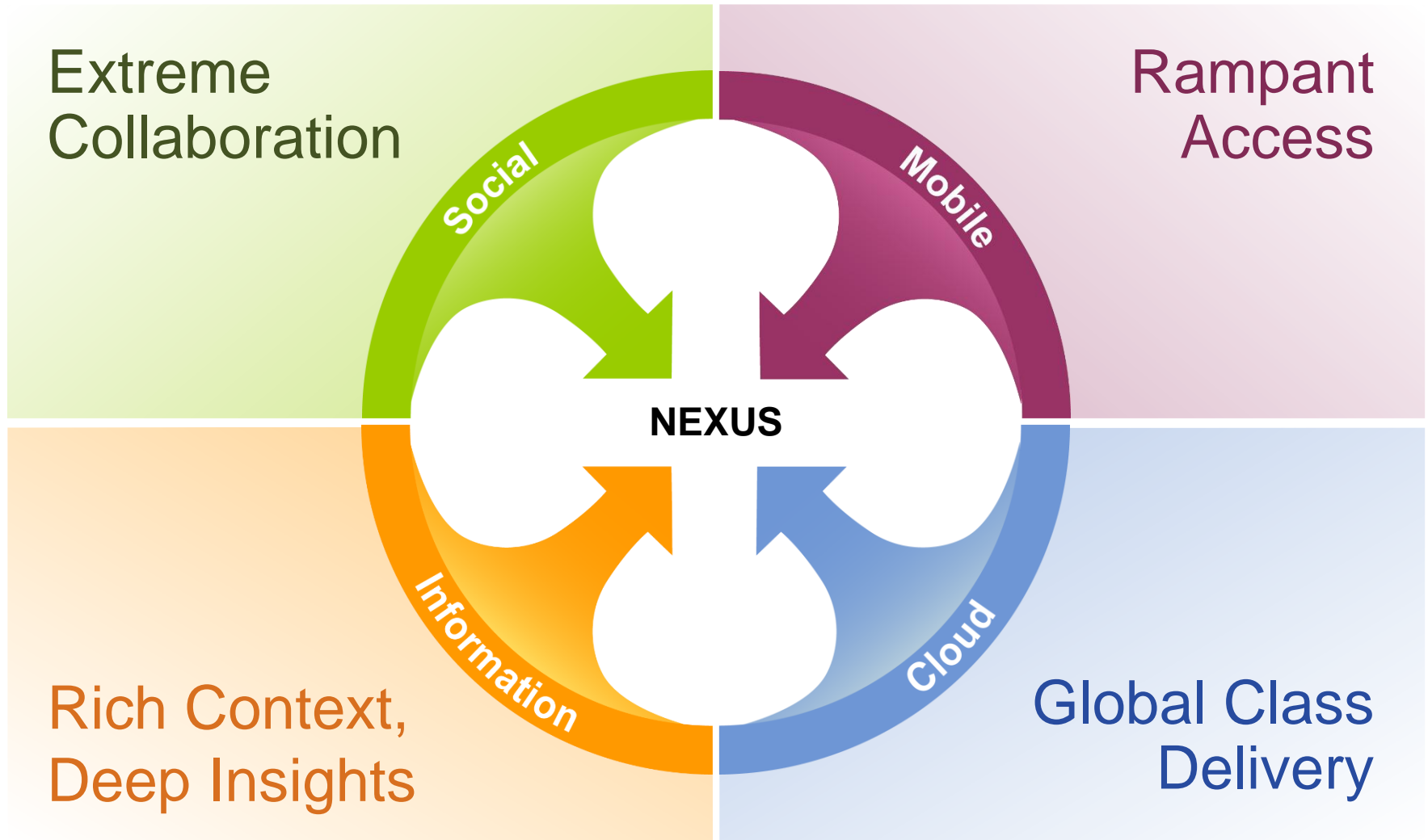
Discussion

- How will context-aware computing and the Nexus of Forces shape consumer goods marketing?
- How are innovative companies realizing this promise?
- How will shoppers react to this new form of shopping?
- What steps do retailers and manufacturers need to take today to be ready to move to this future?

How will context-aware computing and the Nexus of Forces shape consumer goods marketing?

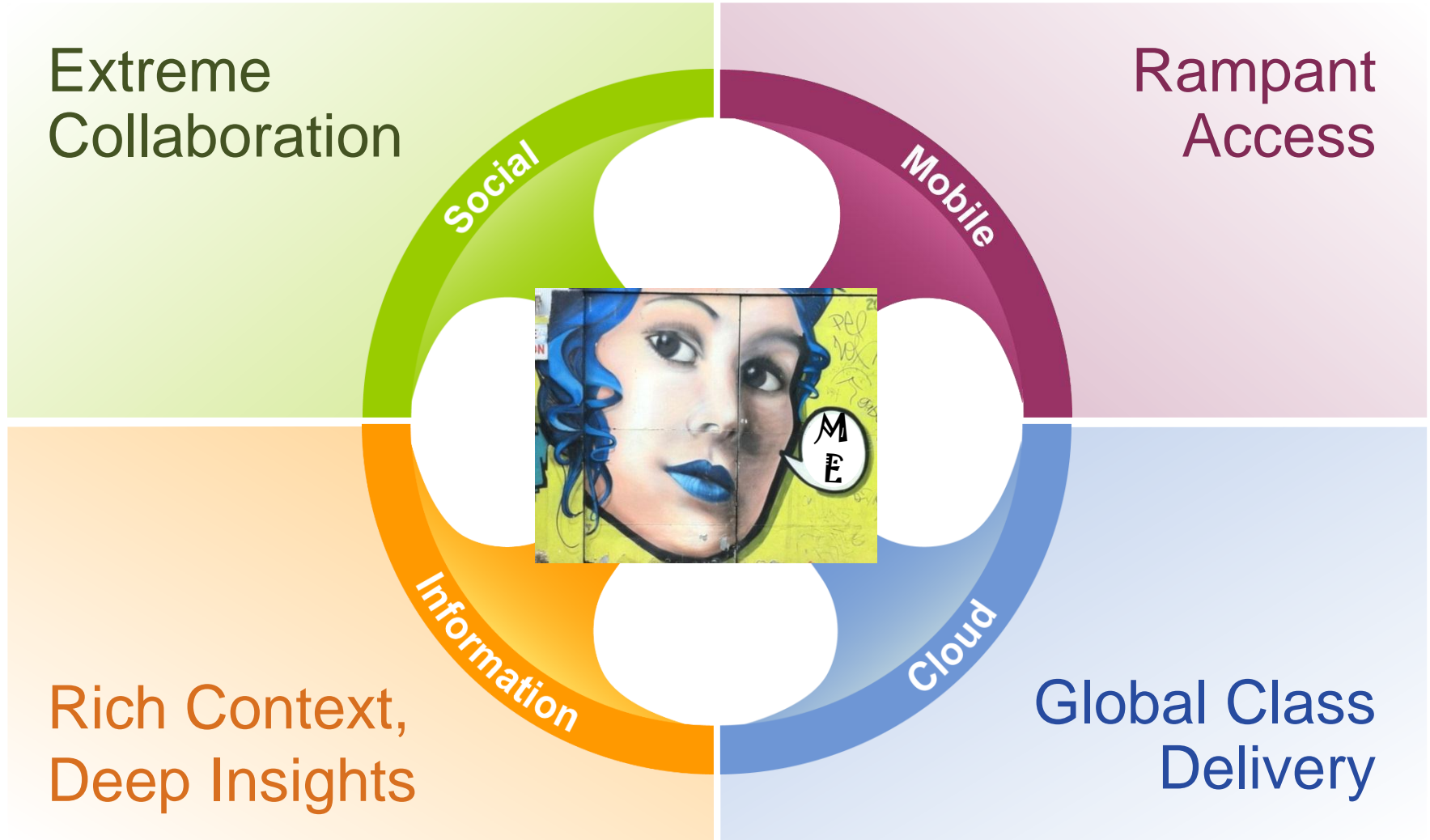
A Nexus of Forces

Focused on Me



A Nexus of Forces

Focused on Me



Nexus = Context = Relevance = Real

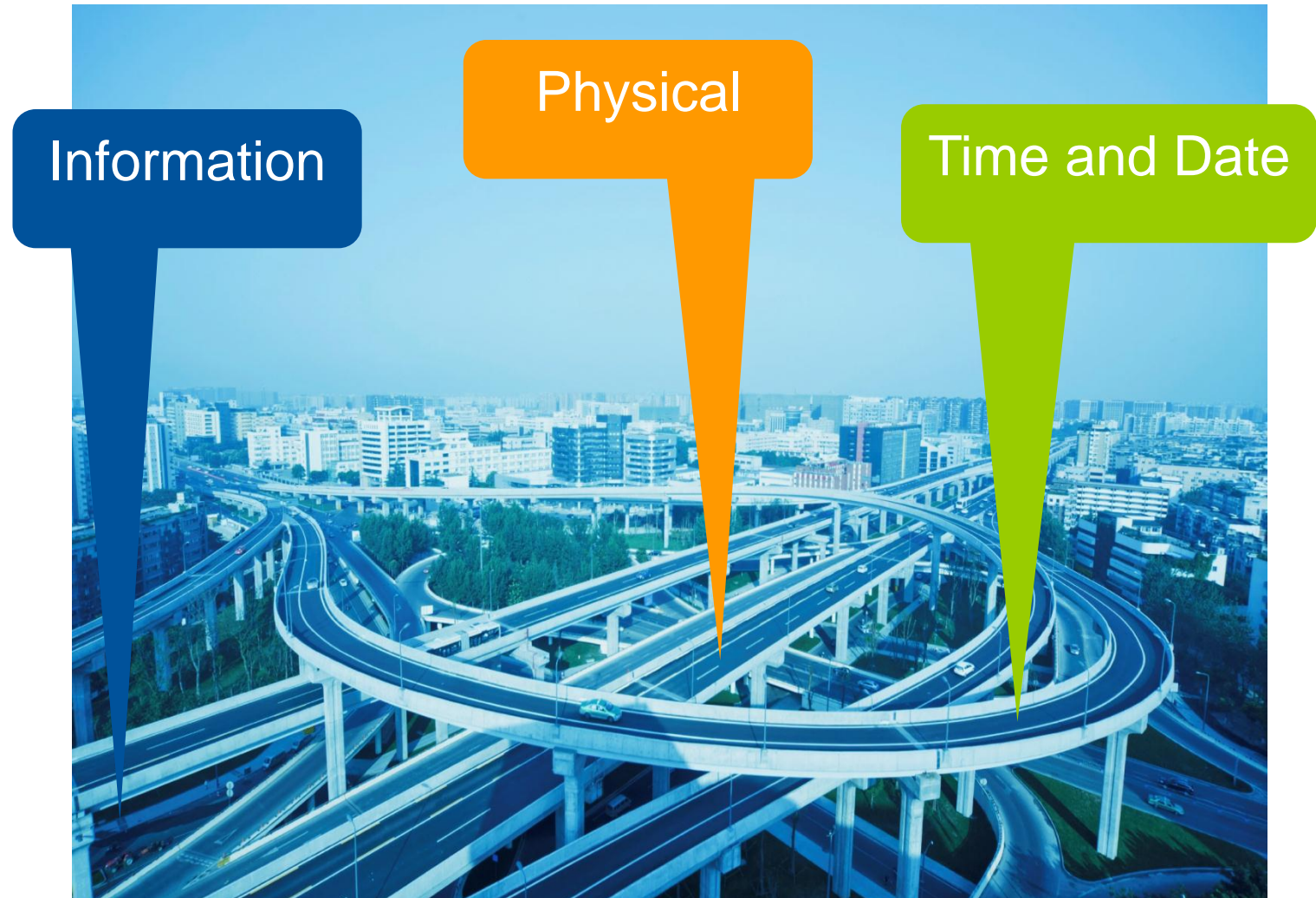
**Nexus
drives
Context**

**Context
drives
relevance**

**Relevance
drives
engagement
and loyalty**

Gartner on Context

Consists of Attributes of the Current Situation that can Vary



A Nexus of Forces

Re-wiring of Grocery Shopping Will Accelerate As Growth Slows

BOXED



DON'T GO HOME TO
AN EMPTY FRIDGE

WorkWith
click&collect



mywebgrocer



ocado



Welcome to
Peapod
Online grocery shopping
and delivery.



diapers.com



delhaizedirect.be

FAMILY DOLLAR
my family, my family dollar.

Instacart
Gartner

Real-Time, Context-Aware Offers

Building Blocks

Consumer Insight & Permission

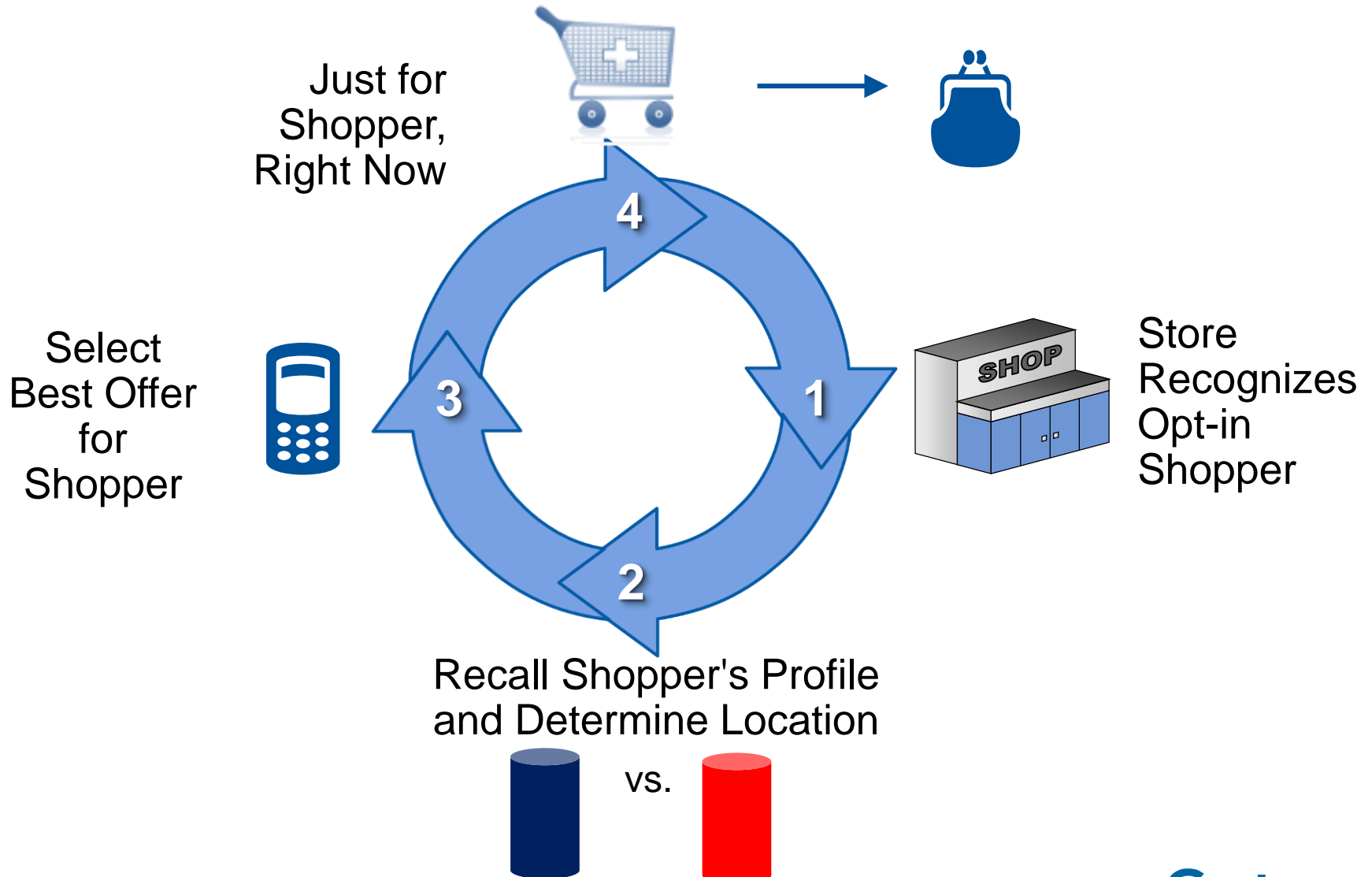
Delivery Mechanism

Business Moment Context

Dynamic Offer Engine

Redemption

Prepare for the Real-Time Me (1:1) Future



What Technology Ecosystem Is Needed?





**How are innovative
companies realizing this
promise?**

We See Three Paths Emerging



Mobile Self Scanning

- Using a mobile device to scan items and enable self-checkout



Indoor Location Positioning

- Using indoor location positioning to establish context



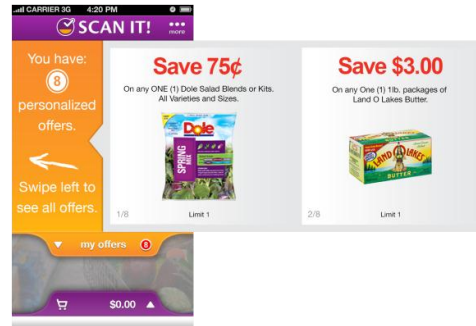
Store-based technology

- Retailer uses in-store technology to interact with customers in real-time

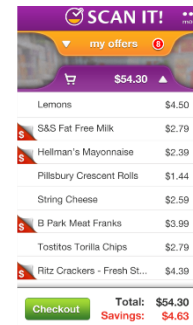
Mobile Self-Scanning: Scan as You Shop



Scan as Shop



Get Personalized Offers



Track Basket



Easy Checkout



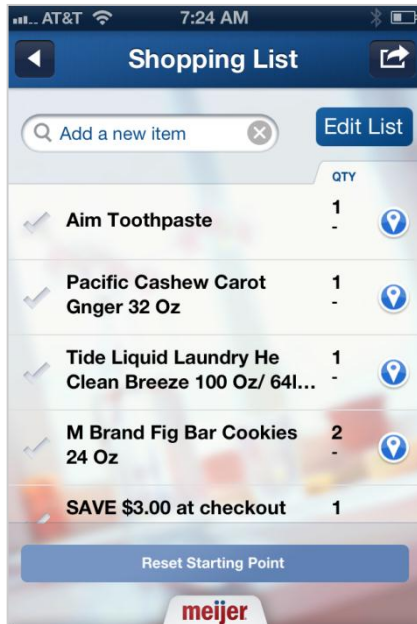
Photos courtesy of Catalina Marketing

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INSTANT POLL QUESTION

Indoor Location Positioning: Navigation



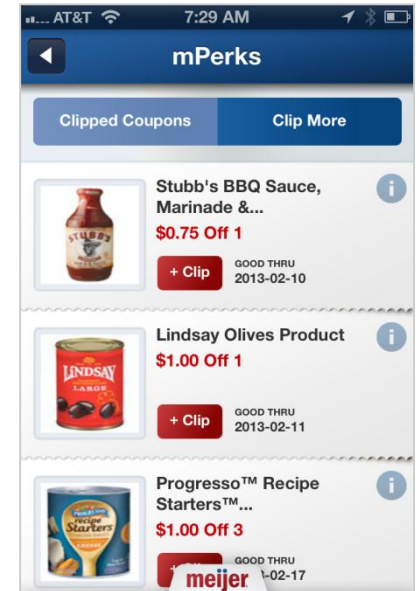
Shopping List



Product Locations



Interactive Maps



Coupons

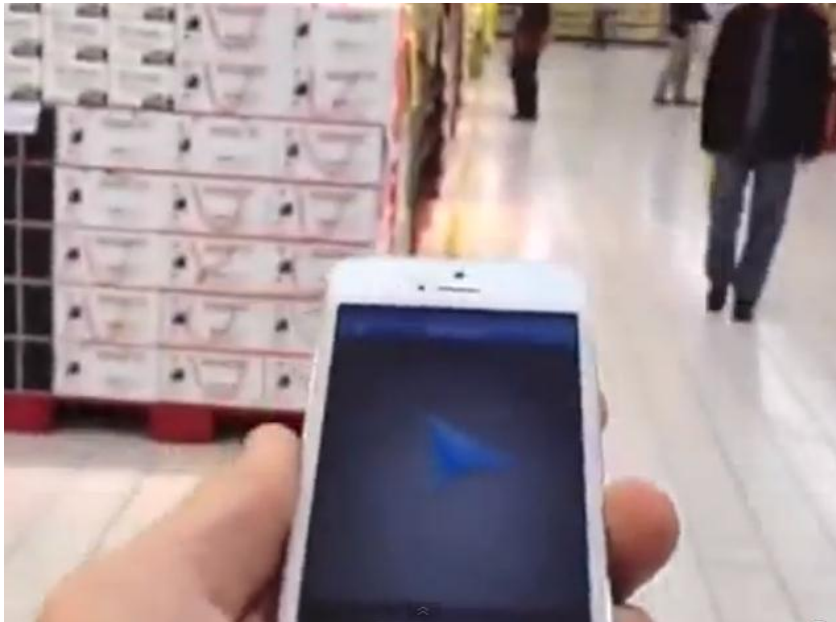


Photos: www.pointinside.com

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Indoor Location Positioning: Navigation



Electronic shopping list

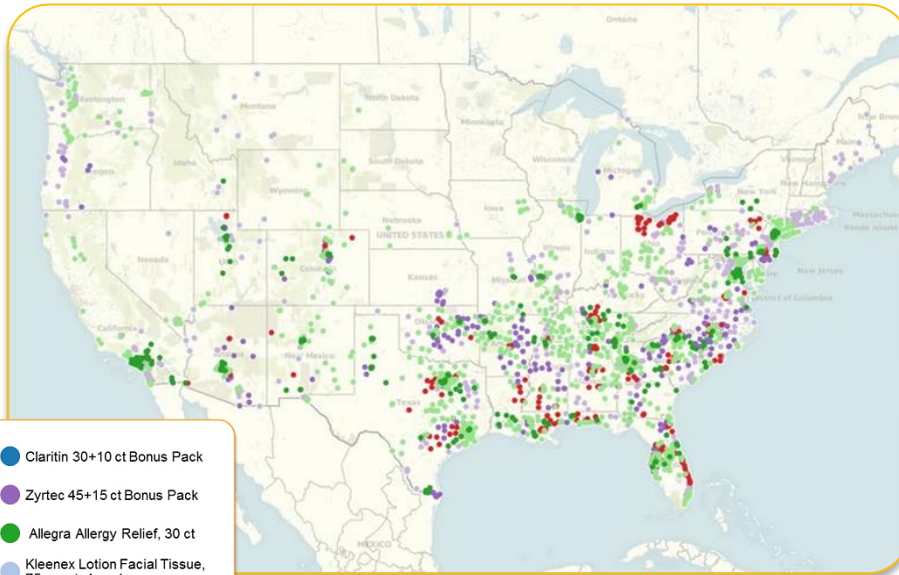
In-store navigation

Geo-fenced offers



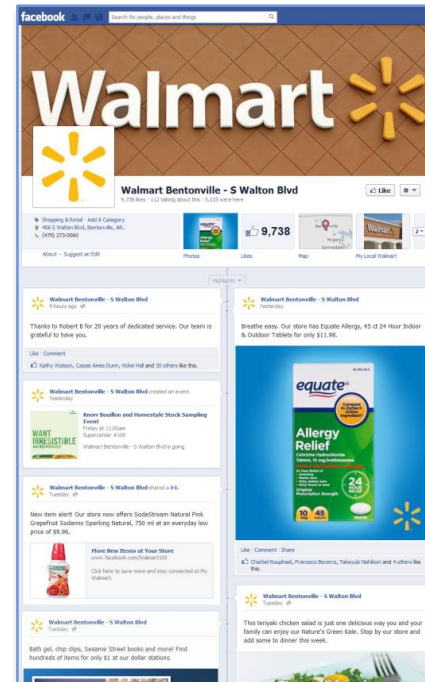
Images: Appconomy.com, Youtube.com

In-store Technology: Trigger Campaign

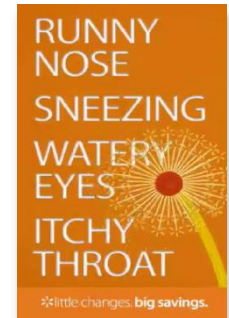


Allergy Tracker

Date range: 3/12/2013 – 5/13/2013



Store Specific Facebook Page



Matching In-Store Digital Signage



In-Store Technology: Bluetooth Low Energy



Beacons on Shelf



**Retailer App
Alerts Shopper on
Demand**



**Shopper Redeems
Offer at Shelf**



Learning We Are Hearing

**Focus on
What
Shopper
Wants**

**Internal
Retailer
Champion**

**Tech As Part
of Larger
Experience**

**Extensive
Learning
Curve**

Results We Are Seeing

**Increased
Basket Size**

**More
engagement**

**Redefining
experience**

**Competing
with online**



**How will shoppers react to
this new form of shopping?**

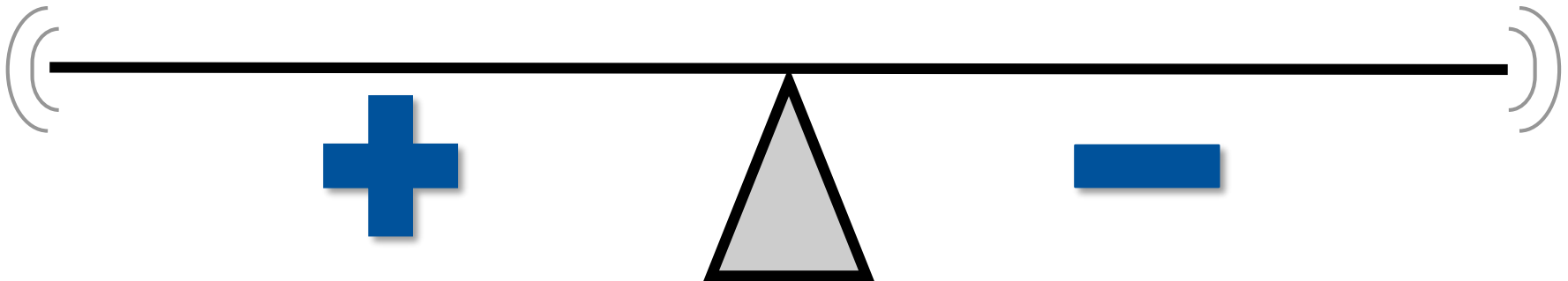
Mixed Messages From Consumers

65% Willing to get personalized offers from SOME retailers if I can decide which retailers use which information about me

72% Shoppers who don't share location on a mobile device

30% Will check-in via mobile phone on a primary social network while shopping

80% NOT OK with retailers using loyalty data to send personalized offers



New Insights on Mobile Grocery Shopping

**Most
smartphone
users are ready
to become
mobile savvy
shoppers**

**Savings and
efficiency are
the big
motivators for
using mobile
shopping apps**

**Mobile shopping
apps shouldn't
distract users
from their task**

Source: Catalina Marketing, "Getting Smart About Today's Mobile Savvy Shopper" Feb 2014

Personalization is Different than Context

(creepiness)
How did
they know
that?

Relevance!
They know me!

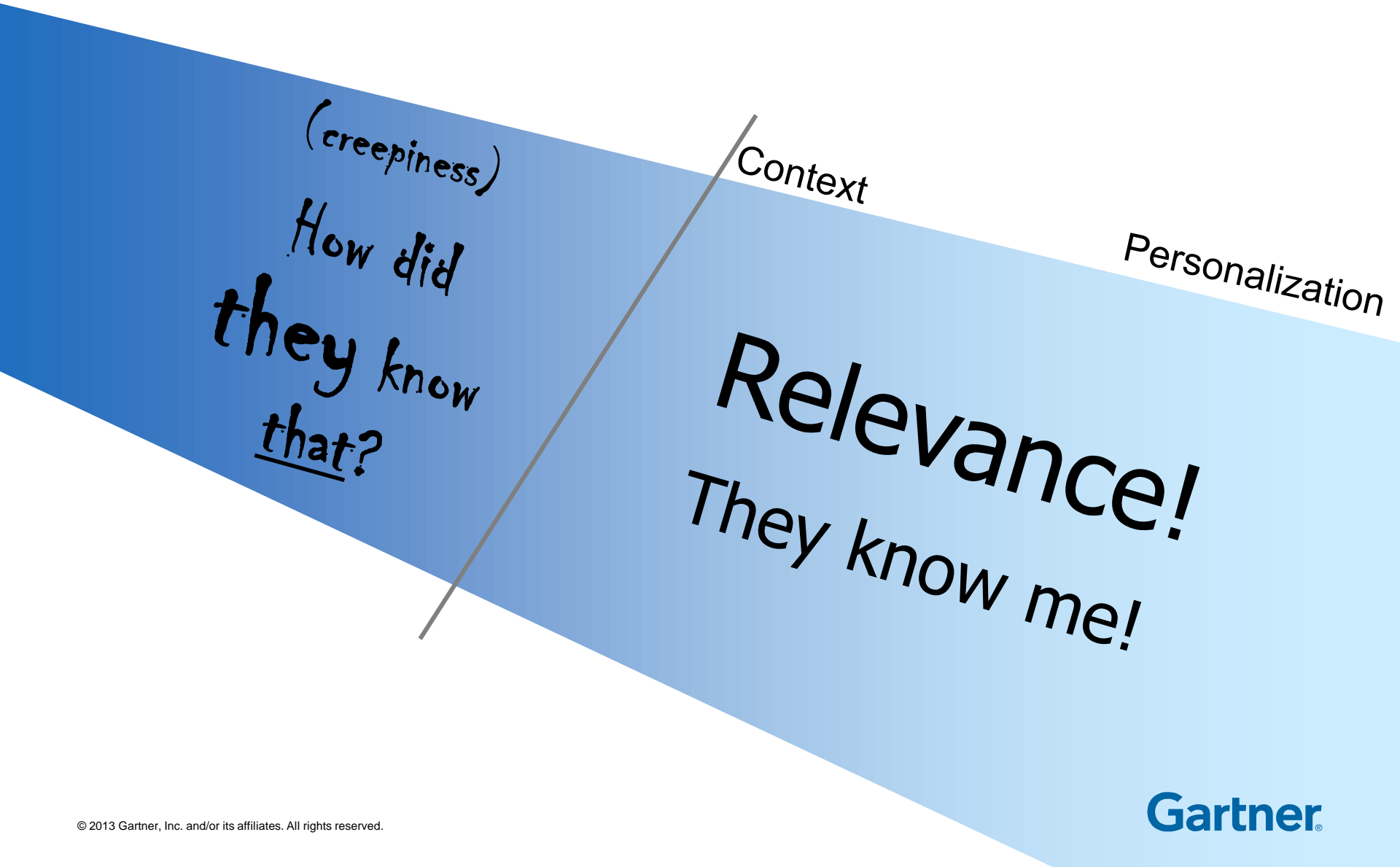
Personalization is Different than Context

(creepiness)
How did
they know
that?

Personalization

Relevance!
They know me!

Personalization is Different than Context



Key Factors in Contextual Offers

Trust



“Will I let you?”

**Emotional
Involvement**



“Do I care?”

Relevance



“Do I need?”

Context Aware Offer Response Matrix

One of Eight Possible Responses

Involvement

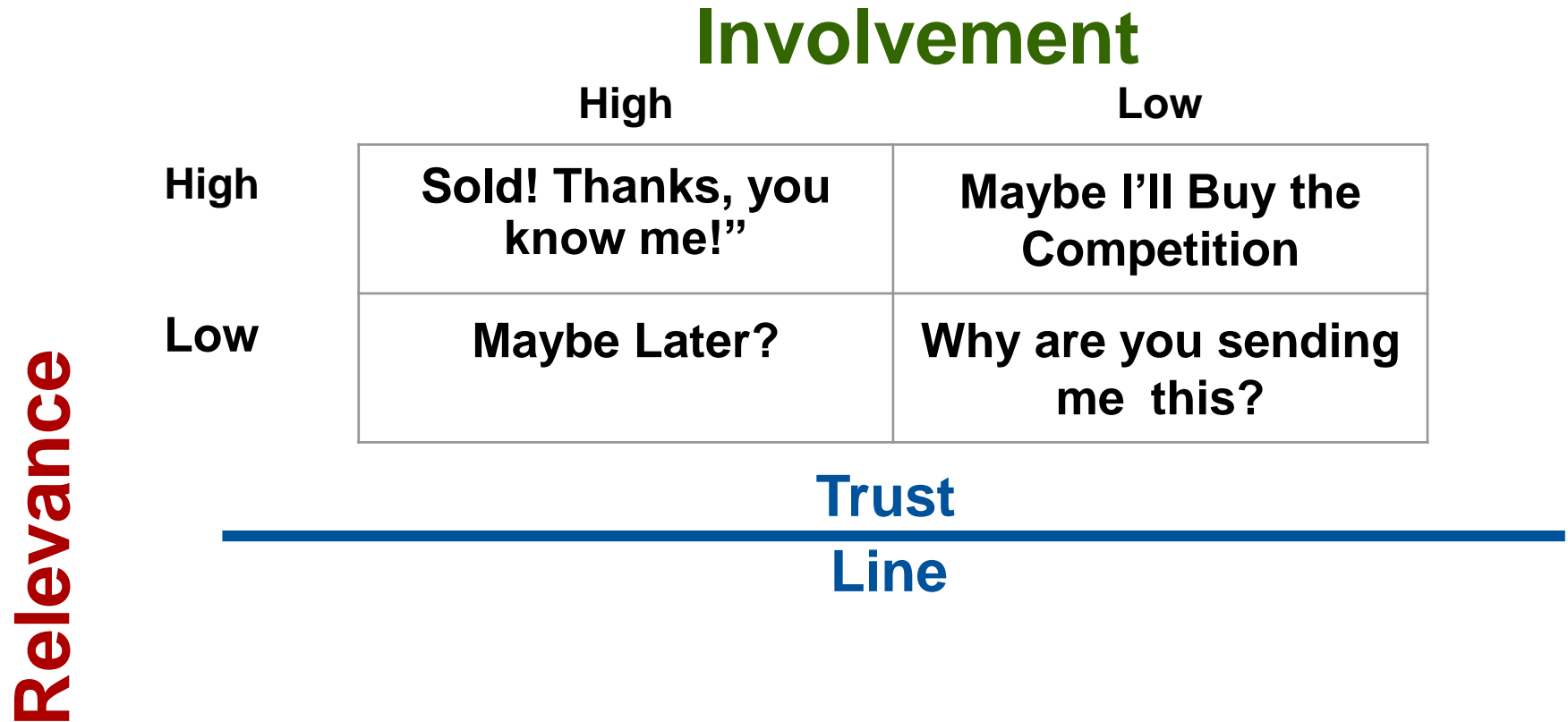
Relevance

**Trust
Line**



Context Aware Offer Response Matrix

One of Eight Possible Responses



Context Aware Offer Response Matrix

One of Eight Possible Responses

Relevance

Involvement

High

Low

High

Sold! Thanks, you know me!"

Maybe I'll Buy the Competition

Low

Maybe Later?

Why are you sending me this?

Trust

Line

High

Low

High

This Is Creepy, but I need it

This is Creepy, but I'll consider it

Low

Don't contact me again

I resent you

**What steps does the business
need to take today
to be ready to move to this
model?**

See Potential Benefits For All

Retailer

- Market share
- Category and margin growth
- Reduction of operational complexity
- Real loyalty

Shopper

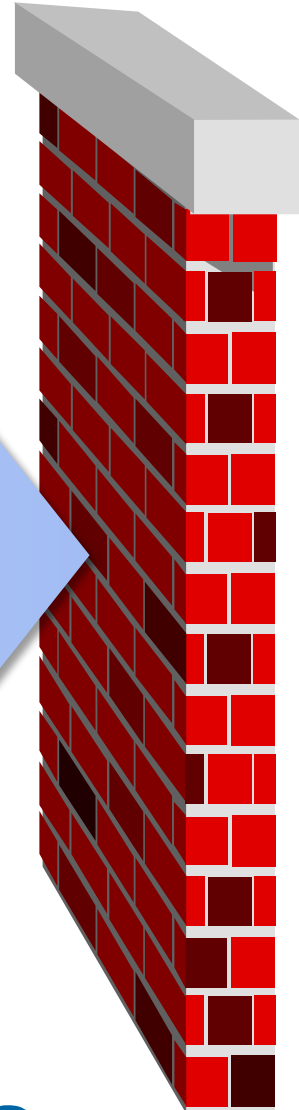
- More relevant offers
- More convenient shopping experience
- Products in stock when I want them

Manufacturer

- Market share
- Sales and margin growth
- Promotional effectiveness and efficiency
- Engagement

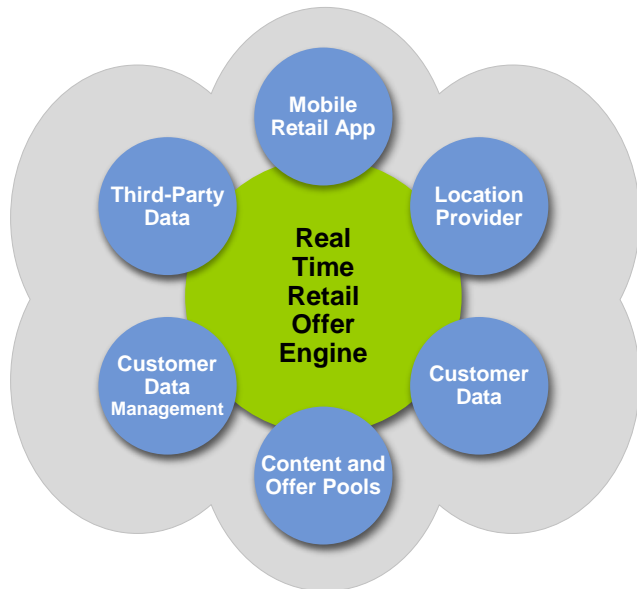
Understand Obstacles and Barriers

- Data sharing and collaboration
- Massive data integration
- Proliferation of loyalty programs
- Infrastructure costs in the store
- Capabilities in predictive analytics
- Some hesitancy around privacy
- No vendor with all expertise



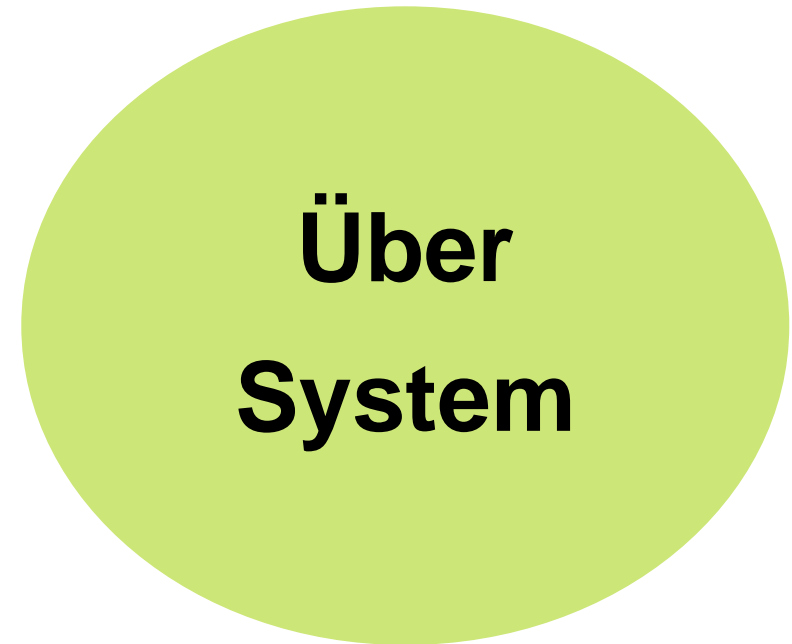
Watch the Vendor Ecosystem Carefully

Consortium



OR
?

Consolidated System



Take a Readiness Self-assessment

Collaboration Maturity

Are we collaborative enough to seamlessly approach consumers?

Organization Maturity

Do we have the right people, process, technology to do this consistently going forward?

Data Maturity

Are we increasing the use of meaningful customer data as an interim step?

Analytics Maturity

Are we developing predictive modeling expertise? Like TPO as a precursor.

Mobile Application Maturity

Are we experimenting with basic capabilities in mobile marketing?

Where Is This Headed?



Crawl

2010 – 2014

Vendor consortia

Opportunistic integration

Driven by Tier 1

2% of addressable market



Walk

2015 – 2016

More productized

Partial integration

Some Tier 2 Adoption

15% of addressable market



Run

2017+

Offered as a Service

Consolidation

Tier 3 begin to adopt

60% of addressable market

INSTANT POLL QUESTION

Action Plan for Context-Aware Offers

- **On Monday morning**

- Assess your organization's readiness to have discussions about context-aware offers.
- *Take* an inventory of your current context-aware and mobility strategies and capabilities.

- **In 90 days**

- *Develop* an overarching purpose and strategy for your participation in the context-aware offers ecosystem.
- *Become familiar* with the vendors in the ecosystem and know coordination and cooperation among diverse players will be complex.

- **In 12 months**

- *Deploy a pilot* with one of the vendors currently working with retailers to deliver context-aware promotions.

What if Your Grocery Store *Really* Knew You and Your Preferences?



Recommended Gartner Research

- **Me Marketing: Get Ready for the Promise of Real Time, Context-Aware Offers in Consumer Goods**
Don Scheibenreif, Dale Hagemeyer (G00226076)
- **Me Marketing: Prepare for the Challenges of Real Time, Context-Aware Offers in Consumer Goods**
Don Scheibenreif, Dale Hagemeyer (G00247116)
- **Predicts 2013: Converging Technology Promises to Reinvent Sales and Marketing Processes in Consumer Goods Manufacturing**
Don Scheibenreif, Dale Hagemeyer (G00232028)
- **Predicts 2014: New Realities Will Drive New Growth Opportunities in Consumer Goods Manufacturing**
Don Scheibenreif, Dale Hagemeyer (G00258516)
- **Hype Cycle for Consumer Goods, 2013**
Don Scheibenreif, Dale Hagemeyer (G00252194)
- **Personalization and Context-Aware Technology's Impact on Multichannel Customer Loyalty**
Gale Daikoku and Robert Hetu (G00231818)