



Connected Commerce: What, How & Why Now?

Brand organizations must better align internal structures and external engagement to succeed in the new retail and shopper ecosystem.



SPECIAL — REPORT

THEMARSAGENCY®

Intro duction

Despite the massive changes that have taken place throughout the world of commerce in recent years, the vast majority of consumer goods purchases still involve a branded product being sold by a retailer to a shopper. In that scenario, each transaction involves three “stakeholders,” who each have their own set of goals.



Fig. 1

Technically, brands and retailers have the same goal: to sell more product. There is one fundamental difference between their perspectives, however, that can throw significant wrinkles into collaborative efforts: Brands want to sell more of their own products, while retailers are more broadly focused on growing the category.

The shopper's goal, too, is self-centered: give me what I want, when I want it, and help me find products that will make my life better.

In the current marketplace, however, helping each stakeholder achieve its goal has been getting increasingly harder as dramatic changes in both shopper behavior

and retailer strategy have created new obstacles that, to be blunt, the traditional brand organization is not built to effectively overcome.

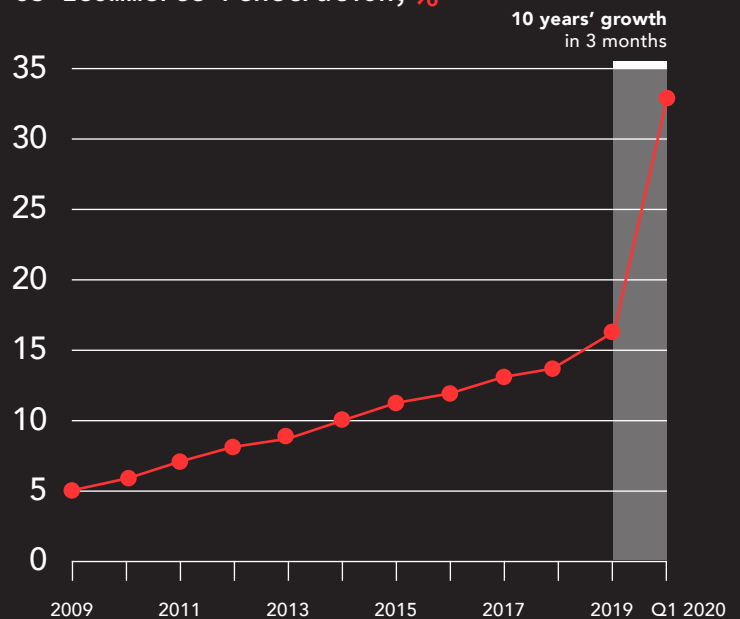
This report will examine the reasons why the task has become harder, explain why brand organizations have been struggling to address the issues, and offer actionable recommendations on how to cut through the complexity and achieve the goals of all three stakeholders by adopting a Connected Commerce approach to internal planning, retailer collaboration, and shopper engagement. ■

Why Is Commerce Getting More Difficult?

To be clear, manufacturers have always struggled to fully align their own goals, priorities and strategic initiatives with those of their retailer partners in ways that motivate shoppers. But their efforts have become exponentially more difficult recently due to several inter-related events:

1. The rapid growth of ecommerce (specifically in grocery) as a sales channel.
2. The rise of retail media as an important marketing channel (as well as a critical source of income for retailers).
3. The emergence of channel-agnostic shoppers with complete control over where they shop and what they buy.

US Ecommerce Penetration, %



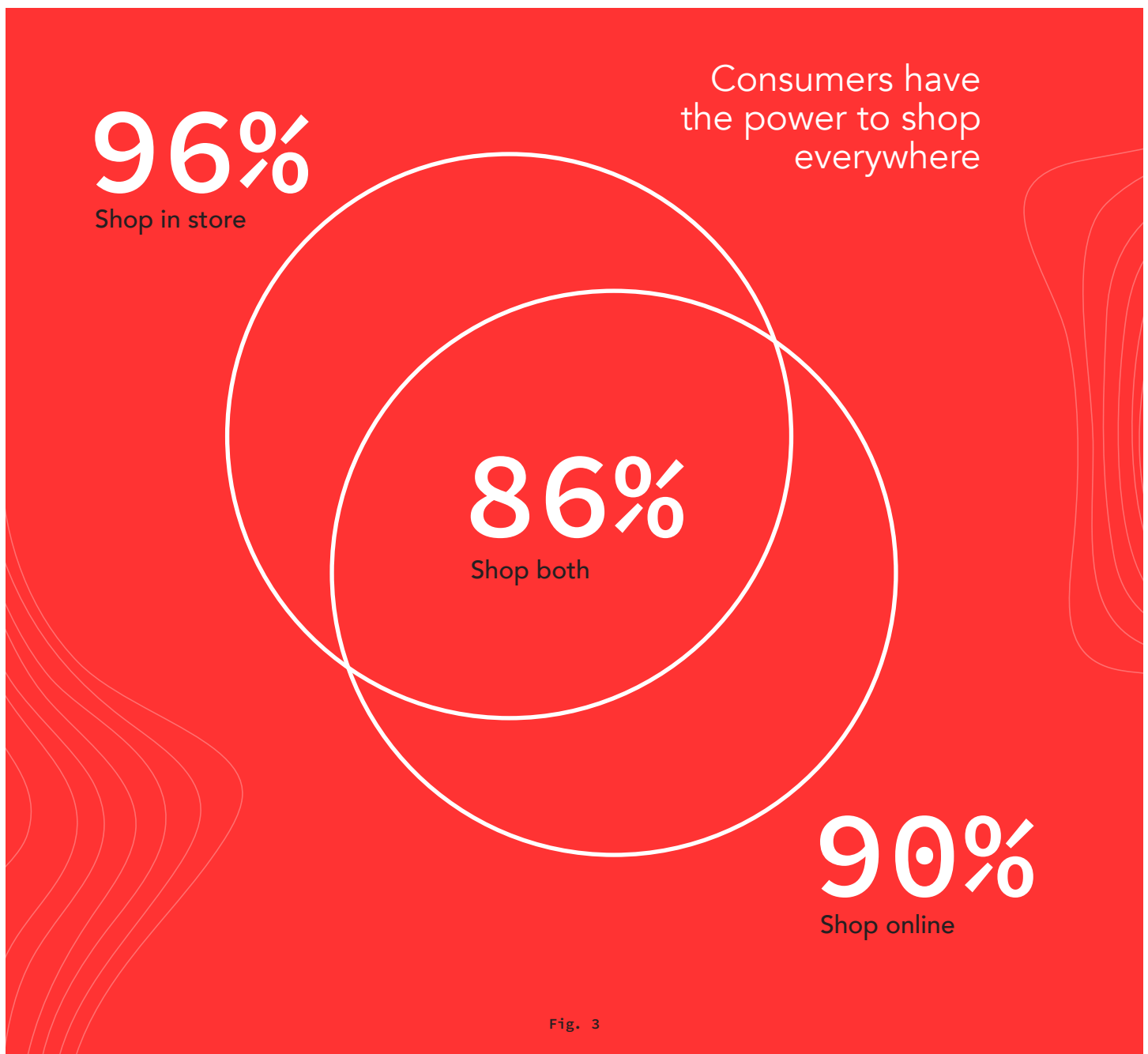
Source: Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis

Fig. 2

Everyone in the industry watched ecommerce explode during the pandemic, but trend lines like the ones depicted in Figure 2 represent so much more than just online sales growth. People found new places to buy their familiar favorites. Young people discovered Walmart without stepping through its doors. Older shoppers learned to download apps, and then used them. Everyone found new ways to be impulsive through new delivery services, and all got very comfortable shopping with several tabs open to find what they needed. And most importantly, the stock-up trip has changed forever from a weekly drive to the store with a list to an ongoing

experience of adding items in and out of both virtual and real carts. Manufacturers must address all of these changes when developing effective commerce strategies: home delivery, curbside pickup, cross-channel shopping and immediate fulfillment, to name a few.

Consumers have the power to shop anywhere and everywhere they want, whenever they want, however they want. In truth, they've had this power for a long time. The difference now is that they're actually taking advantage of the opportunities.



For one, these new behaviors have made it harder for manufacturers and especially for retailers to maintain shopper loyalty. Historically, retailers only had to focus on winning trips to the brick-and-mortar store; now, they also must figure out how to get shoppers to their website, their app, their overall ecosystem.

It also takes a lot more work to keep shoppers from leaving the ecosystem once they get there — which is critical, since omnichannel shoppers spend a lot more money than single-channel customers. One surefire way to keep them loyal is to give them connected experiences that deliver both consistency and relevance across the ecosystem, as will be discussed later.



Omnichannel shoppers spend on average:



Fig. 4

Retailers, therefore, are now hyper-focused on being anywhere and everywhere their customers are shopping. A prime illustration of this new focus is the growth of retail media, the case for which can be illustrated in one fact: pre-COVID, Albertsons had just over 100,000 monthly shoppers on its website; now, it has 450,000.

Helping Retailers Connect

To reach shoppers across these expanding ecosystems, retailers are transforming how they go to market in a variety of ways. And they're looking for support from manufacturer partners to make sure they're correctly connecting all the dots between:

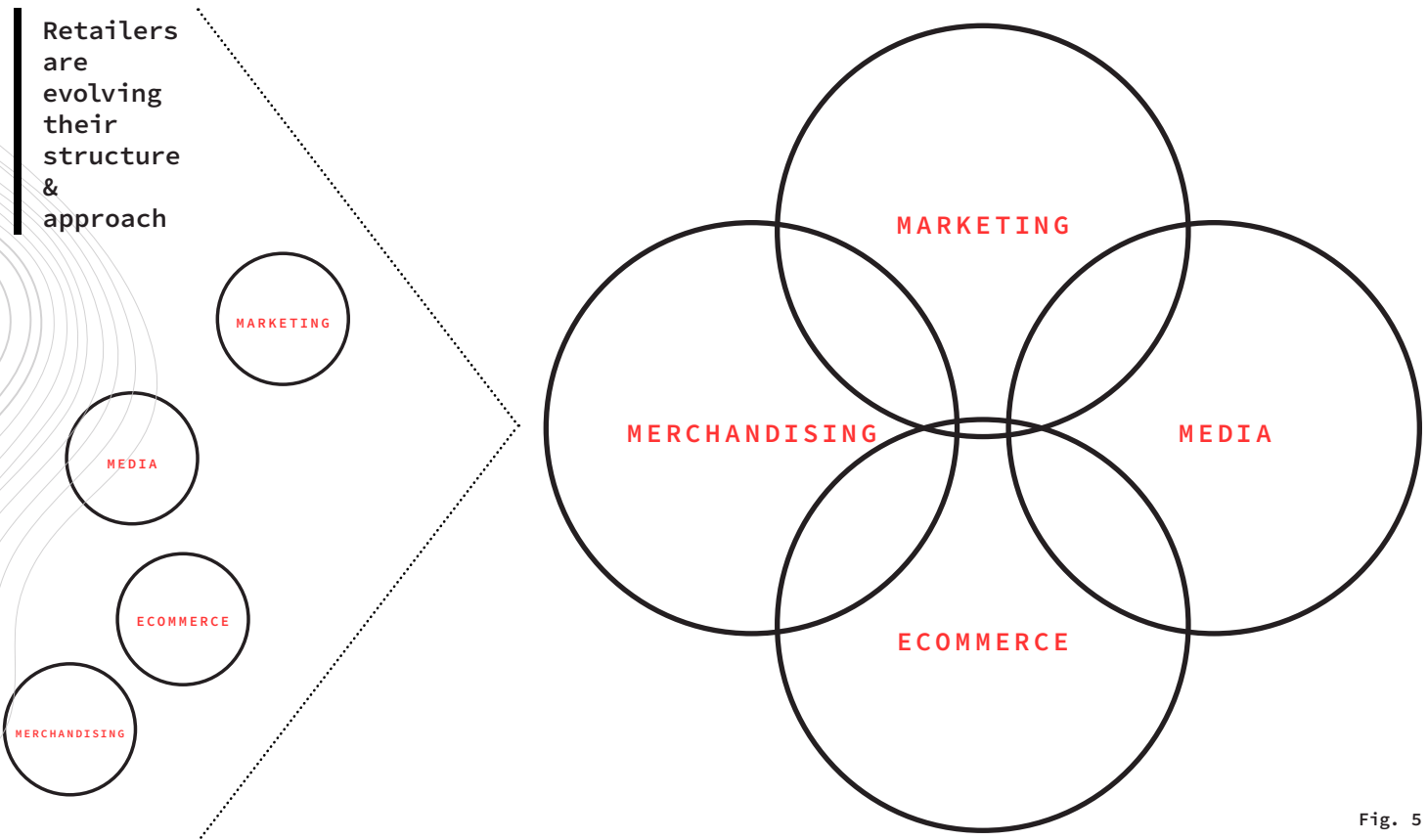


Fig. 5

Brick-and-mortar and online. Merchants at retailers such as Walmart and Target are now responsible for both store and dot-com sales — an exciting and logical development, but one that requires manufacturers to adjust their own structures (as we'll discuss later). On the shopper side, retailers are integrating ecommerce into their loyalty apps.

The physical and digital shelf. Retailers such as Albertsons are working hard to match its pricing and promotions, so the deals shoppers find online match what they see in the store.

Marketing and merchandising. Walmart Connect is adding in-store advertising to its menu of online opportunities — a critical move for which manufacturers have been clamoring.

Off-platform and on-platform media. Shopper connection points continue to multiply as retailers evolve their offerings to include a variety of traffic-driving levers beyond their own assets.

Manufacturer support includes providing integrated thinking and marketing plans that will help retailers better connect these dots. Merchants don't want one plan for the store and another for the website if they're responsible for both; they want integrated plans that ideally also utilize on- and off-platform media.

What's more, many retailers are struggling to align their internal operations (and build out new functions) to reflect the new directions in which shoppers are taking them.

Over the last year, The Mars Agency and its clients have strengthened relationships with key retailers by facilitating share groups and cross-functional brainstorm sessions that bring siloed teams together to begin the process of connecting the dots internally and with their partners. ■



Retailers are looking for manufacturers to help connect the dots...

BRICK & MORTAR



ECOMMERCE

PHYSICAL SHELF



DIGITAL SHELF

MARKETING



MERCHANDISING

OFF-PLATFORM MEDIA



ON-PLATFORM MEDIA



Why Are Manufacturers Struggling?

We've so far established that retailers are looking for more help from manufacturers and that, even more importantly, shoppers are demanding more from retailers and manufacturers.

The next topic to discuss are the structural disadvantages in the traditional manufacturer organization that are making it hard for them to effectively respond to these changing needs.

Historically, manufacturers organized themselves into two silos. There was a marketing function and a sales function, each with a very clear role: the marketing team owned the brand, while the sales team owned the retailer relationship.

They also built networks of specialized partners to support the two functions. The marketing side would work with an ad agency, a national media agency, and others as needed; the sales side would work with partners like brokers. Importantly, even when there was just a small number of partners, there was very little cross-collaboration.

Eventually, manufacturers realized they had to connect the dots, and so created some integration functions — sometimes called integrated marketing, sometimes shopper marketing. These were intended to build connective tissue between the silos, and that's where the industry found itself a few years ago when the shopper and retailer trends discussed earlier began to emerge.

Recent trends have collapsed the distinction between Marketing & Sales

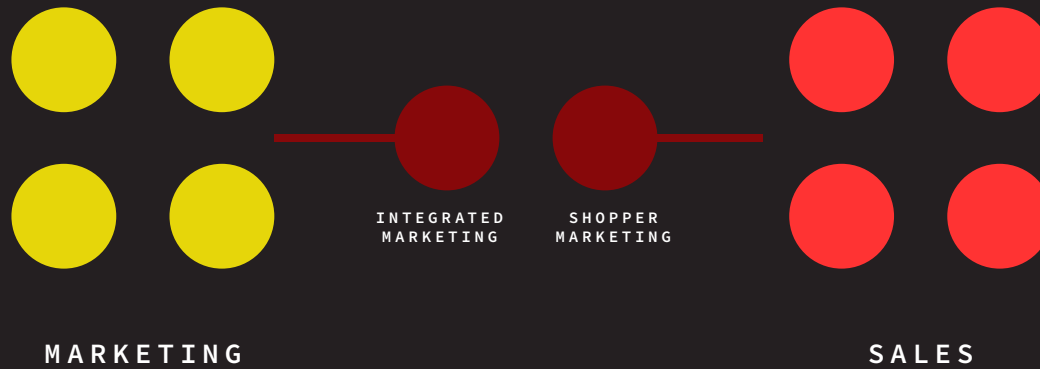


Fig. 6

It's important to note, however, that the connective tissue never gained anywhere near the same scale as the two silos: While a sales meeting might fill a hotel ballroom, the integrated marketing team can usually fit comfortably into a midsize sedan. In the meantime, a lot of the more recent challenges have made these connectors even more valuable — while simultaneously making traditional roles less clear.

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Some examples: Should the marketing team own content creation for an ecommerce website because it's brand-related, or should the sales team handle because it's related to selling product? Should marketing manage the retail media network partnership because it's a media property, or should sales be in charge because it's integral to the customer relationship?

When faced with “marketing vs. sales” questions like these, organizations have often complicated things even more by establishing new internal silos or bringing in additional specialist partners. They now have ecommerce technologies, search companies, performance media partners, digital shelf partners. And while that may have helped short-term by filling in capability gaps, it has hindered the organization's ability to connect the dots for either retailers or shoppers.

The Connected Commerce Opportunity

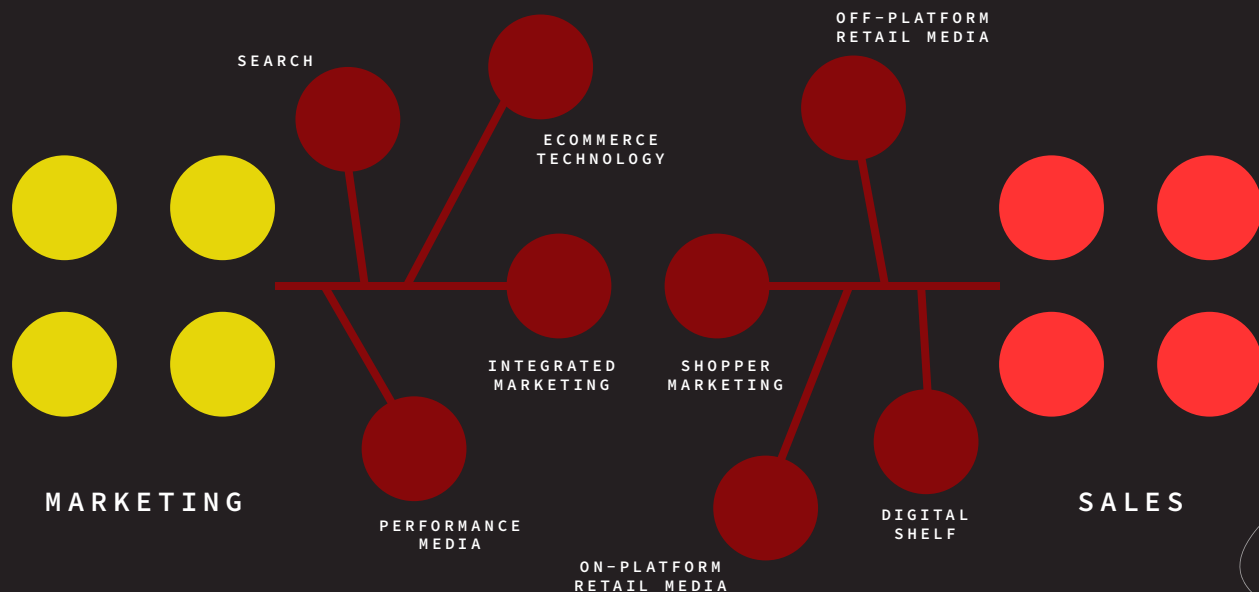


Fig. 7

To solve this intensifying issue, manufacturers need to adopt a new strategic approach that we're calling **Connected Commerce**, an approach designed to bridge brand and retail strategies to drive holistic experiences and growth across all points of commerce.

To deliver the consistent consumer and shopper experiences that are now required, manufacturers must change their structures and their mindsets, ask more from their teams and partners, and rethink the work they do. To get there, they'll need to adopt the five practices outlined below in the next section.

To be clear: These recommendations aren't just theoretical concepts. We have started to deliver Connected Commerce experiences with our clients and already have the back-end results to support our case. When we integrate more, we deliver programs that have stronger impact, greater reach, better awareness and increased activity from shoppers. When we get that, we obviously drive better results as well. ■

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How to Achieve Connected Commerce

What can manufacturers do to cut through the complexity, better connect the dots, and deliver the omnichannel experiences that will drive conversion in this new shopper ecosystem? These five actions are based on the successful work we're already doing with clients and their retailer partners.

- 01_ Design Experiences**
- 02_ Better Connect Stakeholders**
- 03_ Reduce the Dots**
- 04_ Integrate Ecommerce**
- 05_ Prioritize Scale**

01_ Design Experiences

You're not delivering a media plan, you're designing and delivering a shopper experience.

Adopting this mindset puts the shopper front and center. You're not delivering a media plan or selecting tactics to activate, you're designing and delivering a shopper experience. An experience that delivers the right message, at the right time, in the right place to convince shoppers to buy. Yes, this is more complicated than simply buying media or selecting tactics — it's also far more effective.

To design experiences, we follow three principles:

A) Be human-centric. We now have access to more data than we ever hoped to have (although, unfortunately, our data often isn't connected either). To truly engage shoppers, you need to marry that data with empathy about who they are as human beings. You need to learn their motivations, understand what the purchase barriers might be, and find the human-truth insight to inspire a great creative idea that will compel them to buy.

B) Think experience vs. plan. Picking tactics that will check the standard pre-shop, shop, and post-shop boxes is no longer good enough. Creating a shopper experience requires deeper thinking about the tactics you should use. ROI benchmarks are important to consider, but there are many new options available without historical data.

What are shoppers engaging with, what's the right tactic to address the purchase barrier, which one will do the best job reflecting the idea and the brand? Most importantly, how will all your tactics work together? (If you're driving traffic from a recipe page to a product detail page, it's a missed opportunity to not have the recipe there as well.)



01_ Design Experiences

Continued

C) Match message to medium. Data regularly shows that a major influence on shopper retention is a consistent experience across all channels of the ecosystem. Consistency is vital to us as human beings because it provides predictability, trains and habituates us, helps us anticipate. And currently, 55% of shoppers say their experience is disconnected.

However, by focusing solely on consistency, marketers run the risk of becoming dull and repetitive, which can lead to shopper complacency. Therefore, a more effective strategy is to give shoppers a connected experience rather than a purely consistent one. In a connected experience, each shopper engagement across the ecosystem has an appropriate purpose and place.

The message a shopper needs to add your brand to their list early in the path to purchase may be very different than what they need to see when they view your products on the store shelf surrounded by competitors. Think about all of your brand's RTBs (reasons to believe) and identify which ones work best in each situation.

In a connected experience, each shopper engagement across the ecosystem has an appropriate purpose and place while delivering the necessary level of consistency.

| | | | |
|-------------------|--|---|--|
| Goal | Create an experience that delivers the right message at the right time in the right place to convince shoppers to buy our category and our brand | | |
| Principles | <p>1) BE HUMAN-CENTRIC</p> <p>The more you understand the person you are trying to convince, the better chance you have of driving conversion</p> | <p>2) THINK EXPERIENCE VS. PLAN</p> <p>Selecting tactics is like sewing a quilt; each plays a unique role, but they need to connect together seamlessly</p> | <p>3) MATCH MESSAGE TO MEDIUM</p> <p>Know what needs to be communicated as shoppers move through the path to purchase</p> |
| Behaviors | <p>1) Empathize with who they are as people, as consumers, and as shoppers</p> <p>2) Identify their barriers to the category, to the occasion, to your brand</p> <p>3) Find an insight they will be drawn to</p> | <p>1) Identify the most important tactic to use to address the barrier/motivation</p> <p>2) Establish the tactics that help drive shoppers to and from that engagement</p> <p>3) Ensure tactics are fit for purpose for the brand, idea and message</p> | <p>1) Be consistent</p> <p>2) Be relevant</p> <p>3) Use your RTBs in the right place at the right time</p> |

Fig. 9

02_ Better Connect Stakeholders

Creating a connected experience requires internal stakeholders to be connected. Manufacturers need to get past all the silos they have built.

Our number one recommendation here is to align everyone around common KPIs. All too often these days, the search team has a different objective than the content team, which has a different objective than the media team. Unless these groups are all working toward common goals, the organization will never be pointed in the same direction.

This also requires a different corporate mindset. We have to stop being solo artists and learn how to act like a band. How do bands play well together? By working off the same song sheet. Below is one method of putting the strategy and plan on one page so that every stakeholder touching the program can understand how they fit into the big picture.

Shared Planning Worksheet

| | PROGRAM OBJECTIVE AND KPIs: | | | | |
|---------------------|-----------------------------|---------------|------------|---------|----------|
| | PLANNING | CONSIDERATION | CONVERSION | LOYALTY | ADVOCACY |
| SHOPPER BEHAVIOR | | | | | |
| SHOPPER MOTIVATIONS | | | | | |
| SHOPPER BARRIERS | | | | | |
| SHOPPER INSIGHT | | | | | |
| CREATIVE IDEA | | | | | |
| ENGAGEMENT STRATEGY | | | | | |
| COMMS TASK | | | | | |
| RELEVANT RTBs | | | | | |

Fig. 11

RTB Activation Planning

| | | |
|--------------------|---------------------|----------------------|
| Craftsman/ Process | Freedom/ Expression | 150+ years |
| Premium | | Individuality |
| Versatility | Awarded | Approachable/ Simple |

Fig. 10

Examples

| | | |
|--------------------|---------------------|----------------------|
| Craftsman/ Process | Freedom/ Expression | 150+ years |
| Premium | | Individuality |
| Versatility | Awarded | Approachable/ Simple |

| | | |
|--------------------|---------------------|----------------------|
| Craftsman/ Process | Freedom/ Expression | 150+ years |
| Premium | | Individuality |
| Versatility | Awarded | Approachable/ Simple |

| | | |
|--------------------|---------------------|----------------------|
| Craftsman/ Process | Freedom/ Expression | 150+ years |
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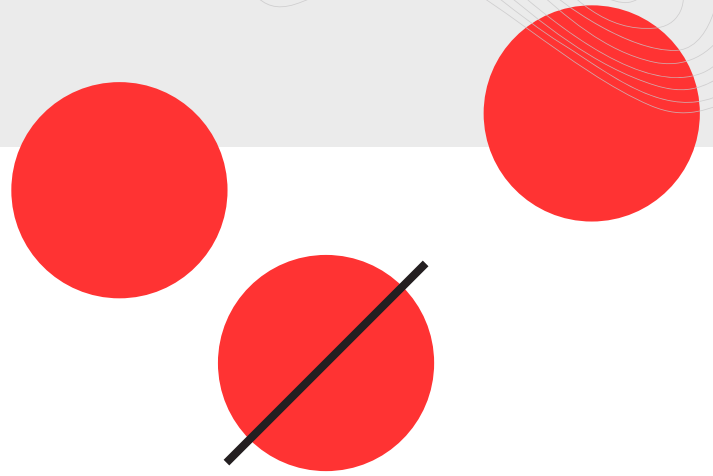
| | | |
|--------------------|---------------------|----------------------|
| Craftsman/ Process | Freedom/ Expression | 150+ years |
| Premium | | Individuality |
| Versatility | Awarded | Approachable/ Simple |

Above is an example of the process for building connected experiences. The box at the top would reflect all the brand's RTBs, while those at the bottom represent a selection of the appropriate levers to pull to deliver the right messages in the right places.

03_ Reduce the Dots

While connecting the dots through shared KPIs and other means is a great start, it ultimately will be necessary to eliminate some of those dots as well. Many manufacturers have built structures that solved short-term problems and filled ad hoc gaps, but it's not sustainable to have so many partners working in silos. There are too many people touching the same retailer in different ways.

Organizations must find a way to stitch everything together and make the process more seamless. To do that, we believe all stakeholders need to be more “multilingual.” Specialists will always be needed, but they also should be generalists in other areas to effectively engage with other specialties and be more valuable members of the team. (Below are the behaviors we’re now seeking from everyone at The Mars Agency. First on the list is to become multilingual.)



Manufacturers have built structures that solved short-term problems and filled ad hoc gaps, but it's not sustainable to have so many partners working in silos.

New Working Principles

| Become Multilingual | Seek Scale | Act as One Team | Design Experiences | Reduce Complexity |
|--|---|--|---|--|
| Hone your craft but become a sufficient generalist so you can engage in discussion, find opportunities and bring the right people in at the right time | Constantly look to drive efficiencies and extend and expand the possibilities | Think and engage with each other and all the stakeholders like a single entity/ecosystem | Design a shopper-centric experience that pulls together the right message at the right time on the right medium | Drive clarity for our clients and partners and make working together clear, easy and efficient |
| CONNECT to subject matter expertise | CONNECT assets, budgets, campaigns | CONNECT needs, objectives, strategies | CONNECT ideas to plans and message to medium | CONNECT systems, processes and WOW |

Fig. 12

04_ Integrate Ecommerce

This is a recommendation that, hopefully, will be a moot point soon because it will be adopted universally as an obvious need. More specifically, there are three key actions to take.

A) Have an integrated strategy and plan for all retail shelves. Understand your retail partner’s strategy for their physical and digital shelves as well as their marketplace, and determine how to strategically align with each.

B) Align search strategy across teams. Many internal players are currently engaged with retailer search. There is an “always on” strategy, which is often set by one agency or team, but then there are multiple other pulse periods, program windows, national FSI drops, etc., that all have a search component and are set by other groups. Thus, activity overlaps, bumps into each other and can even be at odds strategically. It’s vital for all parties to understand everything that’s happening so that all programs are performing optimally.

C) Be consistent for your brand and relevant for your shopper. As discussed earlier, uniform content across all digital shelves and PDPs can lead to sameness. You look exactly the same on Walmart.com as you do on Target.com or CVS.com. But those websites have different people shopping at different occasions to solve different needs, and your visuals should consider that. Determine how to maintain consistency across retailers while being relevant for each.

Search Activation Alignment

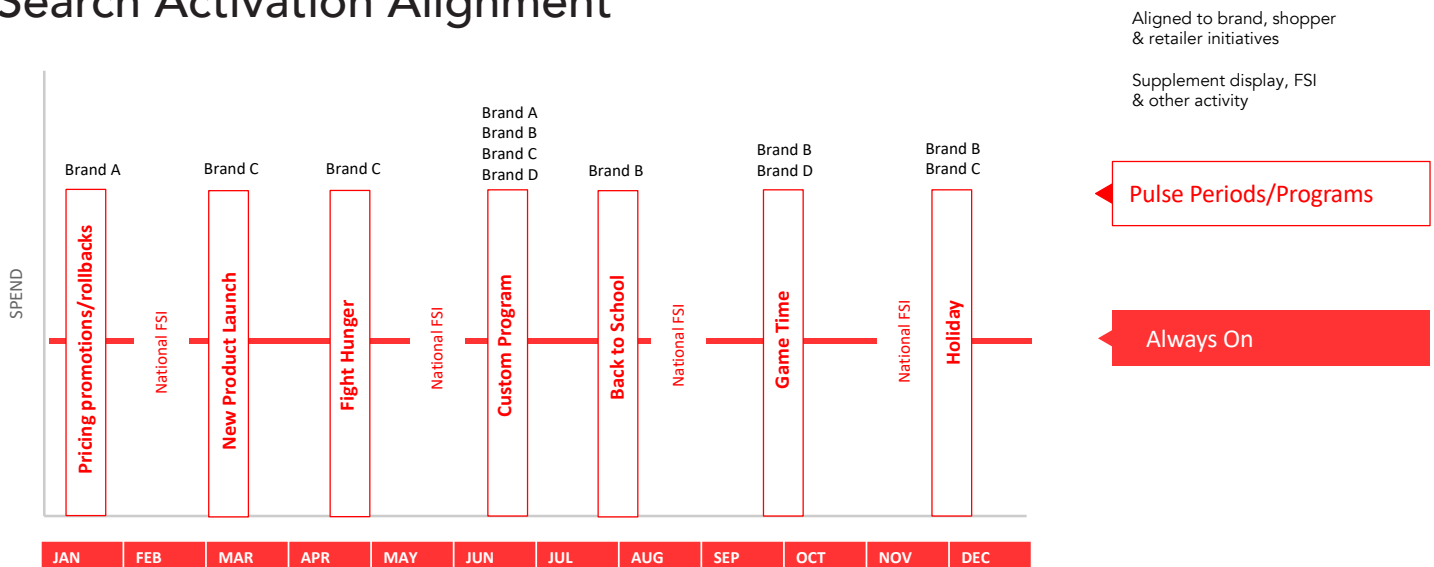


Fig. 13

05_ Prioritize Scale

When organizations throw one big punch, they naturally tend to get more integrated than when they're throwing a lot of small punches. To fine-tune Connected Commerce, brands should think about throwing more haymakers going forward.

This process starts with pulling budgets together. The ongoing debates over "my budget vs. your budget" must end and be replaced by an "our budget" mentality, with a shared goal of finding the best ways to drive overall outcomes rather than isolated results.

It's also critical to align assets. Both brands and retailers have unique assets that can make programs bigger and more interesting to shoppers that should be explored and exploited.

It needs to be perceived as "our budget," with the goal being to find the best ways to drive overall outcomes rather than isolated results.

Partnerships play a key role, too. The best way to link a brand and a retailer is through a shopper or consumer occasion; when you start thinking occasions, partnerships naturally come to light. And partnerships typically drive larger budgets, too.

The graphic below offers a visual representation of the impact that pooled budgets, combined assets and strong partnerships can have: deeper relevance in programming, greater efficiency in activation, and additional funding to drive success.

Impact of Scale Programming

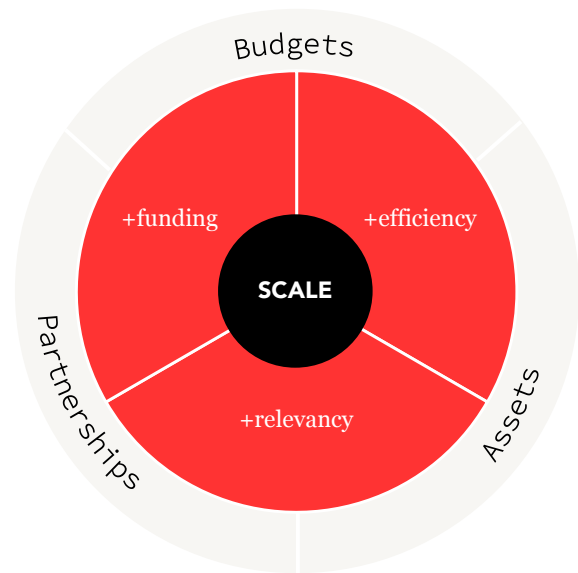


Fig. 14

The ultimate objective for Connected Commerce is to better solve the needs of brands, retailers and shoppers. To ensure a consistent strategy for the brand throughout the path to purchase, provide the retailer with fully integrated media, ecommerce and in-store plans that deliver growth, and give shoppers a coherent, relevant experience that reinforces the brand's value at every touchpoint while driving conversion. ■

Final Takeaways

01_ Start now.

The revolution has already begun. Organizations still thinking that they can continue operating under old models are misguided. Those who start earliest will be the furthest ahead, and that advantage will be critical to future success.

02_ Evaluate yourself.

Take a good hard look. Be brutally honest and decide how you need to change your structure and your culture.

03_ Evaluate your partners.

Find ways to reduce the cooks in the kitchen by asking for more of a multilingual mindset, and find ways to ensure alignment across all the partners you retain.

About the Authors



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Jake Berry has more than 20 years of marketing agency experience across nearly every CPG category. His expertise includes leading integrated agency teams, developing results-driven shopper programming at the intersection of retailers and new media, and helping brands drive holistic experiences across all points of commerce. Berry leads the agency's relationships with clients Campbell's and Henkel and also heads up the business strategy and marketing teams.



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Fern's 30-year career spans brand, retail and shopper strategy, and marketing for clients such as Unilever, Levi's, Heinz, Clorox, BP, Campbell's, Colgate, Pfizer and Walmart. In her 12 years at Mars, she has doubled the size of the strategic planning team, co-founded The Strategy Shop, driven the development of Walmart's approach to shopper marketing, and now leads the agency's commerce practice across media, ecommerce and customer field-based marketing.

THE MARS AGENCY

The Mars Agency is an award-winning, independently owned global commerce marketing practice with a growth-for-clients focus. With talent spanning the Americas, Europe and Asia, they create breakthrough, connected commerce solutions balancing the smartest humanity with the latest technology. Their latest MarTech platform, Marilyn® is the first and only end-to-end commerce advisor. Learn more at www.themarsagency.com and meetmarilyn.ai.

