A white paper by **WARC**

# Retail's balancing act:
## Your guide to sustainable performance

# Contents



# WARC foreword

**Ed Pank**
Managing Director and
Vice President Advisory
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## Why balance is important: Responding to the pressures on profitability

From the pandemic to supply chain issues, the events of recent years have **upended the retail landscape,** resulting in a need to rebalance marketing strategies, especially in the face of yet another uncertain year ahead.

An acute focus on short-term gains and conversion metrics, such as excessive discounting, is exacerbated by reduced budgets and pressure to deliver. This has distracted marketers from **long-term brand building objectives**, which they need to **balance with their short-term gains**.

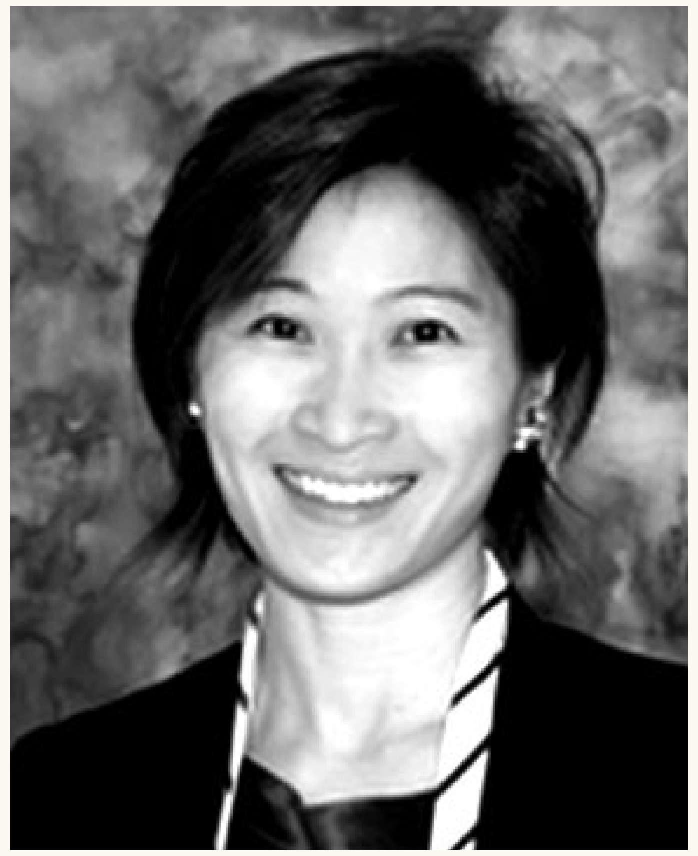
A complex post-pandemic retail landscape requires a **tailored channel strategy** – knowing not just the channels that matter to consumers, but how different touchpoints influence their purchase behaviours.

A shift to omnichannel shopping behaviours means **managing an intricate web of factors** and breaking down organisational silos that make seamless customer experiences profitable.

To succeed in retail means taking a balanced and nuanced approach that **delivers and captures value effectively** and delivers **sustained performance** in the long run. Getting this balance right becomes crucial as the pressure to deliver profits increases and marketers are expected to do more with less.

This white paper, developed in partnership with Google, is a guide to unpacking **three balancing acts** for marketers to unlock sustainable growth in their organisation. It provides perspectives on **industry pain points** that make it hard to achieve this balance, and a **consumer viewpoint** that sheds light on what a possible way forward could be. It also offers **actionable guidance** and **case studies** on how to respond to these challenges as they arise.

# The Google perspective



**Melissa Lee**
Sector Director – Retail, Brands, Finance, Government

## Digital: The new wheels of the post-COVID retail cart

Three years on from the pandemic, we have not just seen its impact on communities and livelihoods take root, but also experienced several bumps in the road, ranging from persistently high inflation to geopolitical tensions. While economies around the world have largely reopened for business, there have been **profound changes in the way consumers research and shop**.

For retailers, this means a starkly different landscape from pre-pandemic, one where **digital is likely to be the foremost playground** for consumers to interact with brands.

From our experience partnering with retail brands, both large and small, the brands that we think have been most successful in navigating this transition to digital do three things well.

First, they have succeeded in establishing and **nurturing enduring relationships with both their new and longstanding customers**. This means reaching customers at the most critical junctures of the online purchase journey with a strong and consistent brand proposition that resonates.

Second, they manage their exposure across a **choiceful portfolio of digital channels**, ensuring that each channel is allocated the right amount of investment to drive company marketing objectives at the aggregate level.

Third, these companies' marketing teams share a **single, integrated view of the customer**. There is a well-developed understanding of consumer behaviour across both online and offline realms, while a strong data backbone ensures the most relevant signals are captured to continuously refine the customer view.

Together with WARC, we wanted to share our perspectives on the challenges marketers might face in 2023 and beyond – and hopefully do our small part to help brands **emerge stronger** in the region.

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# Overview: Key challenges and directions

## Chapter 1
### Balancing investments over the long and short

Choosing between long and short-term strategies, namely brand and performance marketing, is a **'false dichotomy' that does not enable sustainable brand growth and profit.**

## Chapter 2
### Balancing the use of brand.com and marketplaces

The proliferation of channels and touchpoints, such as brand.com and marketplaces, has provided brands with exciting new creative playgrounds to experiment with, but it also means **more channels to assess with limited resources.**

## Chapter 3
### Balancing the intricacies of omnichannel

Despite omnichannel shoppers having proven to be higher value customers, **organisational silos and fragmented systems** prevent marketers from getting a **holistic view** of the customer, resulting in **value leakage.**

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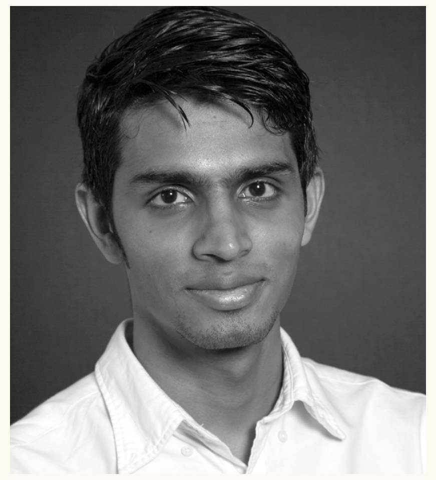

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Chapter 1

# Balancing investments over the long and short

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Industry pain point:

# Striking the right balance between branding and performance

**The choice between long and short term, or brand and performance marketing, is a 'false dichotomy' that does not enable retailers to balance sustainable brand growth and immediate revenue gains.**

### The 'false dichotomy'

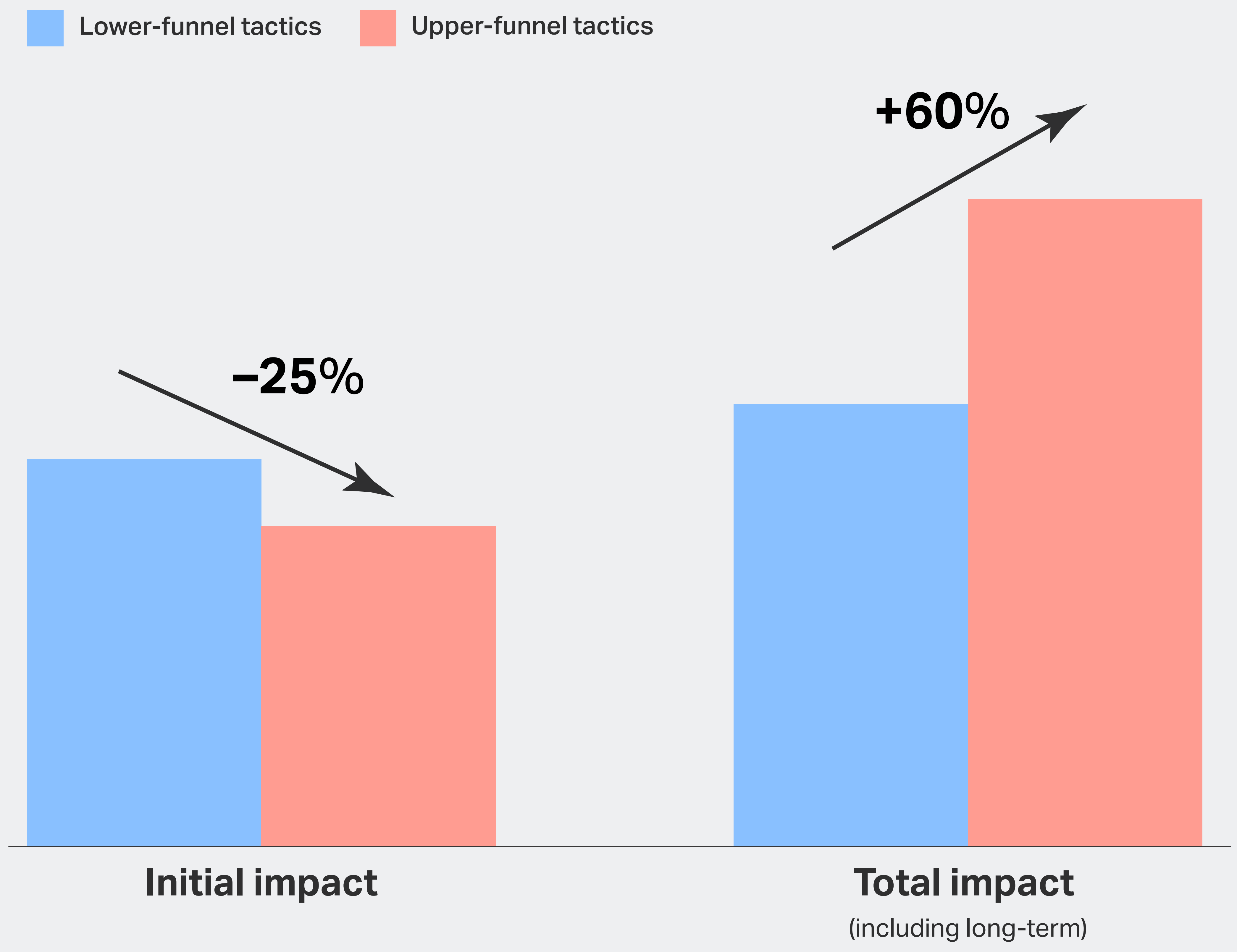
There has been a historical division between brand and performance marketing due to the differing mindsets of marketers focused on each practice. The development of digital platforms has also exacerbated the acute focus on short-term performance metrics because of its ability to immediately implement attribution tracking.

### It's not either / or but both

However, according to Les Binet, both tactics are complementary and needed for successful marketing, their effects operating over different timescales.

To exit this period of uncertainty successfully, the 'false dichotomy' needs to be upended. Marketers need to find the balance between the two in order to maintain consumer demand both for the short and long term.

## Over-investing in lower funnel leads to higher short-term ROI but lower long-term ROI




Source: Analytic Partners, ROI Genome Flash "Brand marketing drives sales, ROI and even performance campaigns. Don't cut it!" (Oct 22);
Short term refers to 6 months and less and long term 6 months or more based on previous categorisations from Analytic Partners

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Consumer viewpoint:

# Consumers value more than just price

**While brands may be tempted to discount to secure short-term wins, price isn't the only way to deliver value among consumers.**

**Value isn't dictated only by price**

While affordability is a common attribute that budget-conscious consumers will look out for, value isn't necessarily always dictated by price. Yet, many marketers still resort to excessive short-term tactics as soon as they enter an economic slowdown, falling prey to the 'promotional spiral of doom.'

**Three types of value for marketers to build brand equity, with special focus on *consumer value***

Marketers can mitigate the risk of a volume share dip by building trust, reassurance or loyalty. By empathising with consumers and helping them solve their problems, value is built through brand equity, where interactions become more than just a transaction.

Marketers can tap into varying pools of value by referring to David Carr's marketing value framework on the right.

## Marketing value wheel

Drivers of business and consumer value


**Business value**
Long and near-term growth, greater efficiency and enhanced productivity.

**Consumer value**
Attitudes & behaviours that effect brand choice, frequency and loyalty.

**Cultural value**
Shared beliefs that create a favourable environment in which to operate and influence.

Source: What value do you create? Marketing's three types of value, David J. Carr , Publicis Sapient

Taking the right action:

# Rebalance 'short-termism' by rethinking the value of brand building

**To rebalance away from 'short-termism,' marketers must invest in brand building to deliver value to discerning customers, across both a short and long-term time frame.**

**Brand building can deliver on both the short and long**

Recent research points to evidence that demonstrates that as an ad gets better in creating brand interest and new demand over the long term, it also gets better on average at driving sales and improving efficiencies over the short term.

**Brand building buffers against inflation**

Investing in brand building helps build equity by communicating value to consumers, especially during a time when discretionary spending is being squeezed. The evidence shows that consumers are looking for reassurance in their purchases, and that brands that have successfully communicated their value can continue to charge a price premium.

**Rethink brand as 'future demand'**

Consultant James Hurman argues that by only focusing on performance marketing, retailers end up converting and exhausting existing demand from customers who are already in-market. Over time, performance metrics start to decline. To create enduring brand demand, the 'demand ceiling' must be continuously raised.

## How to rethink brand as future demand

**1 Think of every brand as having an existing 'demand ceiling'**

In short, the addressable market the brand can capture given a level of marketing investment.

**2 Don't take too long to create future demand**

It will likely be too late once the brand has exhausted its existing demand and is at or near its 'demand ceiling.'

**3 Target large and new audiences**

Tight targeting tends to limit the breadth of new customers the brand can reach outside of groups it is already familiar with.

**4 Create emotional bonds**

Behavioural economics suggests that 95% of consumer decisions are guided by emotions, both intuitively and subconsciously.

Source: WARC Rethinking Brand for Digital Commerce.
Brand-building ads boost short-term sales, and now you can prove it, Mark Ritson

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Taking the right action:

# Rebalance 'short-termism' by building the four levers of brand advantage

**Set yourself apart from other competitors by building on the following four levers of brand advantage. Consider implementing a test and learn approach to brand marketing efforts with the following indicators:**

## Fame

### Am I aware of it?

**Why it matters:**
'Prior knowledge' is an advantage in search.

'Common knowledge' helps buyers justify purchase decisions.

**Measures:**
- Unprompted awareness
- Organic (non-paid-for) traffic into site or branded properties

## Mental availability

### Would I consider it?

**Why it matters:**
Being easily recalled in buying situations is a major advantage as it aids branded search (either on general search or within platforms).

**Measures:**
- Salience or mental availability at 'category entry points'
- Share of search

## Recognition

### Do I know it when I see it?

**Why it matters:**
'Distinctive assets' allow recognition in crowded digital commerce environments.

Easily recognised assets aid the correct attribution of advertising – and help make performance marketing more powerful.

**Measures:**
- Distinctiveness of assets in relevant commerce sites
- Correct ad attribution

## Perceptions of value

### Do I think it's worth the price?

**Why it matters:**
Rational (value for money) and irrational (emotional/aspirational) associations justify pricing and help resist commoditisation.

**Measures:**
- Brand equity research
- Price premiums
- Percentage of sales at full price

Source: WARC Rethinking Brand for Digital Commerce

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Taking the right action:

# How to communicate value to consumers

**Clearly articulating the brand's value to consumers offers them confidence in their purchase decision. While marketers don't have to use all of these factors, consider using the following set of questions as a guide to determine how to communicate value to consumers.**

## Consider changing consumer values

What are the emerging values that get heightened for consumers during a period of economic uncertainty, such as financial anxiety?

How can the brand seek to reassure them?

## Flex the offer

How can you adapt the product range to include a more basic version which makes the brand more accessible?

How can you use advertising to champion the premium variant and sustain the brand halo?

## Tap into behavioural science

How can you present information in a simple manner to increase consumer consideration?

What can you anchor your product on to make it feel more accessible?

How can you frame a call-to-action to focus on what the consumer stands to lose given inaction?

## Reevaluate pricing strategy

At what price would the product become so expensive that consumers would not consider buying it?

At what price would the product be worth considering, or perceived to offer good value?

At what price would the product be so cheap that you would question its quality?

Source: WARC Guide to Communicating Value

# Learning from Juzt Jelly: Communicating value


## Context:

The government-mandated increases of sugarcane prices, coupled with the inflation-proof prices of candies in India, meant that local confectionery brand Alpenliebe's Juzt Jelly found itself in a relatively unprofitable category. It was no longer able to put off a price increase of its 1 rupee candies targeted at kids.

But a price hike would entail a different consumer strategy. Kids would not be able to afford purchasing candies priced at Rs 10 and Rs 25.

## Objective:

- Increase category portfolio profitability by launching higher-priced products.

## Strategy:

- Juzt Jelly identified adults in the family unit, including both parents and grandparents, as new target audiences. This allowed them to differentiate themselves from brands targeting only children.
- The brand launched Juzt Bears, a higher-priced multipack format aimed at families. The multimedia campaign for Juzt Bears illustrated how irresistible its bear-shaped candies were to adults, and successfully targeted older generations of the family unit.

## Key results:

- The campaign drove fresh, strong associations of 'sharing your sweets' for the brand.
- Value contribution from higher price point products increased from 10% pre-campaign, to 36% in 2017, exceeding the original 20% contribution target.
- Four months after the campaign's launch, Alpenliebe Juzt Jelly took top position in the modern trade channel, surpassing big brands like Tic Tac, which had been in the market for more than 10 years.

# Learning from Uber Eats: Sustaining long-term growth


## Context:

In five years, Uber Eats went from fourth-to-market startup to number 1 online food delivery brand in Australia, and in the process, uprooted entrenched takeaway behaviours to create a new, ubiquitous category.

Ruthless commitment to consistent, long-term brand marketing through the 'Tonight, I'll be eating...' (TIBE) campaign was pivotal to this success, establishing the brand's distinctive assets from scratch and creating sustained, market-leading salience and acquisition growth.

## Objectives:

- Become the number 1 brand in an expanded online food delivery (OFD) category over a five-year time horizon.
- Continuously recruit new users into OFD.
- Increase brand market share and value.

## Strategy:

- Differentiate Uber Eats via the TIBE campaign by helping consumers own the feeling of selection (i.e. tapping into the moment of childlike self-indulgence), instead of emphasising Uber Eats' functional benefits.

## Key results:

- Uber Eats is now the most used of all food delivery services.
- Number 1 food delivery brand in Australia, despite being fourth to enter the OFD category.
- Grew brand value as a competitive advantage in a category with little product differentiation.

# Industry practitioner point of view

**Claus Kristensen**
VP,
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**Roshni Das**
General Manager,
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The marketplace is noisy and crowded – and you want to make sure you are there when the shopper is making a decision. Hence, the importance of constantly optimising what and how you engage with your shopper for conversion. At the same time, you want to take away some volatility by creating loyalty and you do that through brand building. Shoppers are becoming savvier and more conscious. So, while price and convenience are crucial, them identifying with your brand and values is more important.

In a very short time, we went from scarcity to access, especially in segments like online retail, digital payments, interactive social commerce. And with access comes a level playing field, digital liberation, global outlook and expectations. Brands and retailers therefore have tremendous opportunity to explore voice, intent signals, curated brand store experiences and generative AI to be more contextual and relevant to our consumer. What stays and will always be evergreen – being authentic, compelling stories with proof points, keeping people at the heart of storytelling.

Chapter 2

# Balancing the use of brand.com and marketplaces

## Industry pain point:

# Navigating the complexity of digital commerce today

**The pandemic accelerated the adoption of digital sales channels, but a balanced channel strategy is required to navigate a complex post-pandemic retail landscape. This is harder to achieve with more online and offline sales channels than ever at a retailer's disposal.**

### The complexity of the retail landscape

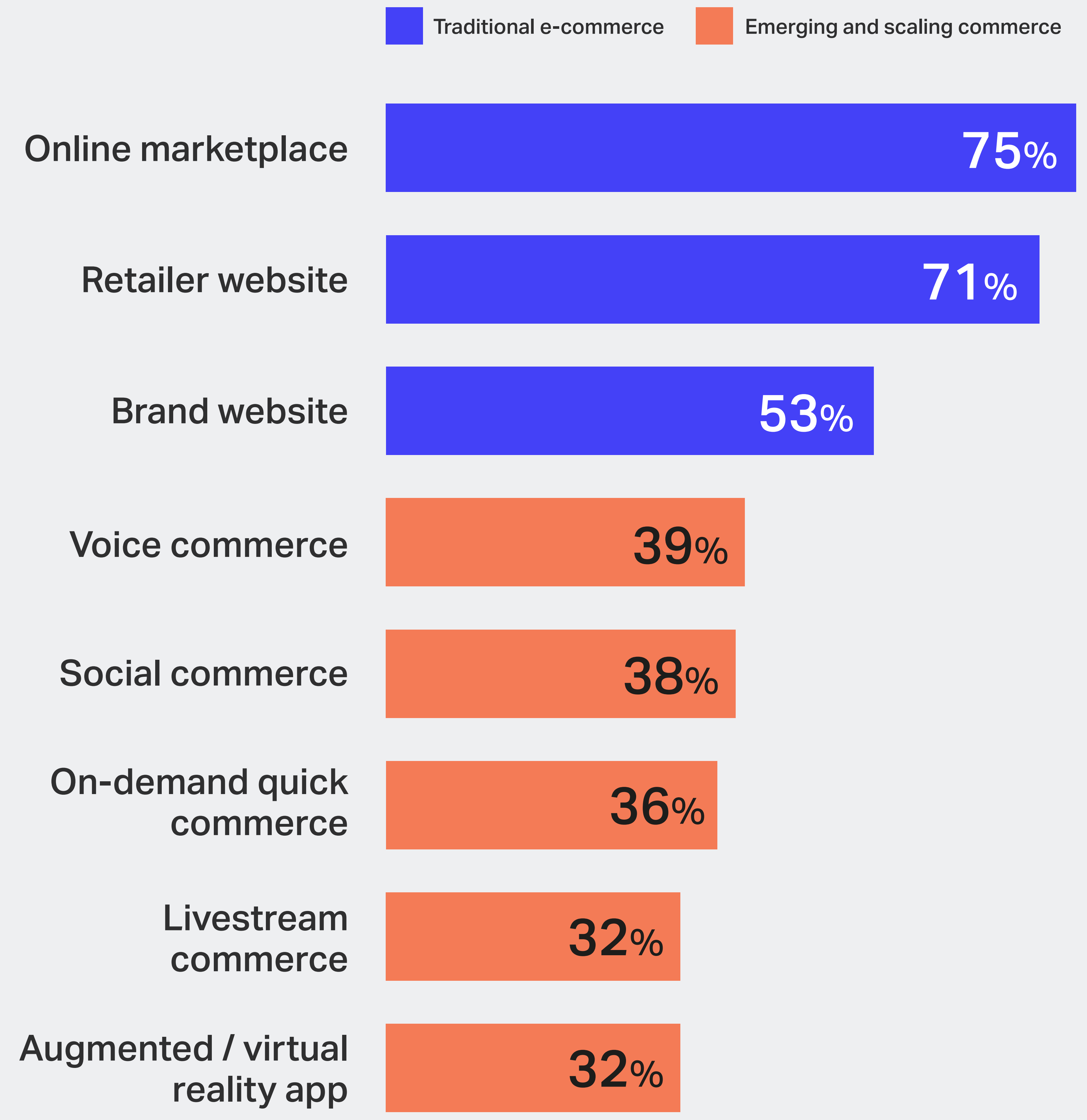
Analytic Partners writes that the number of sales channels being utilised has grown 3x since 2016. Digital commerce, in particular, has grown exponentially and is anticipated to overtake global physical store sales in 2024. In addition to online marketplaces, emerging channels such as quick commerce and voice commerce, have now reached a greater than 30% purchase incidence rate in 2021.

### The risk of not finding balance

While the increase in sales channels provides brands with more and new creative ways to go-to-market, it also means a plethora of channels to trial and evaluate.

Without finding the right balance across digital platforms that works for the brand, marketers could run the risk of either diving headlong into a new channel with little to no guarantee of ROI, or under-utilising channels that could supercharge growth.

## Digital commerce purchase incidence across channels in the past 6 months




Sources: Past six months purchase incidence via digital commerce channels - IPSOS Essentials Wave 53, November 2021. Base n=11,515 across 16 countries, Warc – Beyond Omnichannel article- Dec 21

Consumer viewpoint:

# Consumers go through multiple touchpoints to feel confident about their choices

**To add to this complexity, consumers now move through a greater number of touchpoints before choosing a sales channel to make a purchase, and oftentimes, sales channels also double as research avenues.**

**An exponential range of touchpoints**

From search engines to social media, e-commerce marketplaces, official brand websites and review platforms, marketers today need to account for an exponential range of touchpoints that consumers will potentially be exposed to in their path to purchase.

**How does this influence decision making?**

Out of all these various touchpoints, a Google-Kantar Shopper survey shows that **73%** of shoppers in Southeast Asia selected an online touchpoint as being the single most helpful touchpoint that they referred to during their initial search.

The survey also reveals that both brand.com (official sites) and marketplaces ranked within the Top 5 touchpoints that consumers use the most when researching purchase decisions.

## Touchpoints used for research – SEA

| | Before COVID | | Today | |
|---|---|---|---|---|
| Online (top 5) | Marketplace sites | 43% | Marketplace sites | 43% |
| | Online search engine | 35% | Online search engine | 38% |
| | Online video sites | 29% | Online comparison sites | 32% |
| | Online comparison sites | 27% | Official sites | 28% |
| | Social media apps | 20% | Ads on the Internet | 24% |
| Offline (top 2) | At an offline store | 33% | At an offline store | 30% |
| | Talking to someone I know | 22% | Talking to someone I know | 20% |

Source: Google - Kantar Shopper Pulse SEA (Aug 22)

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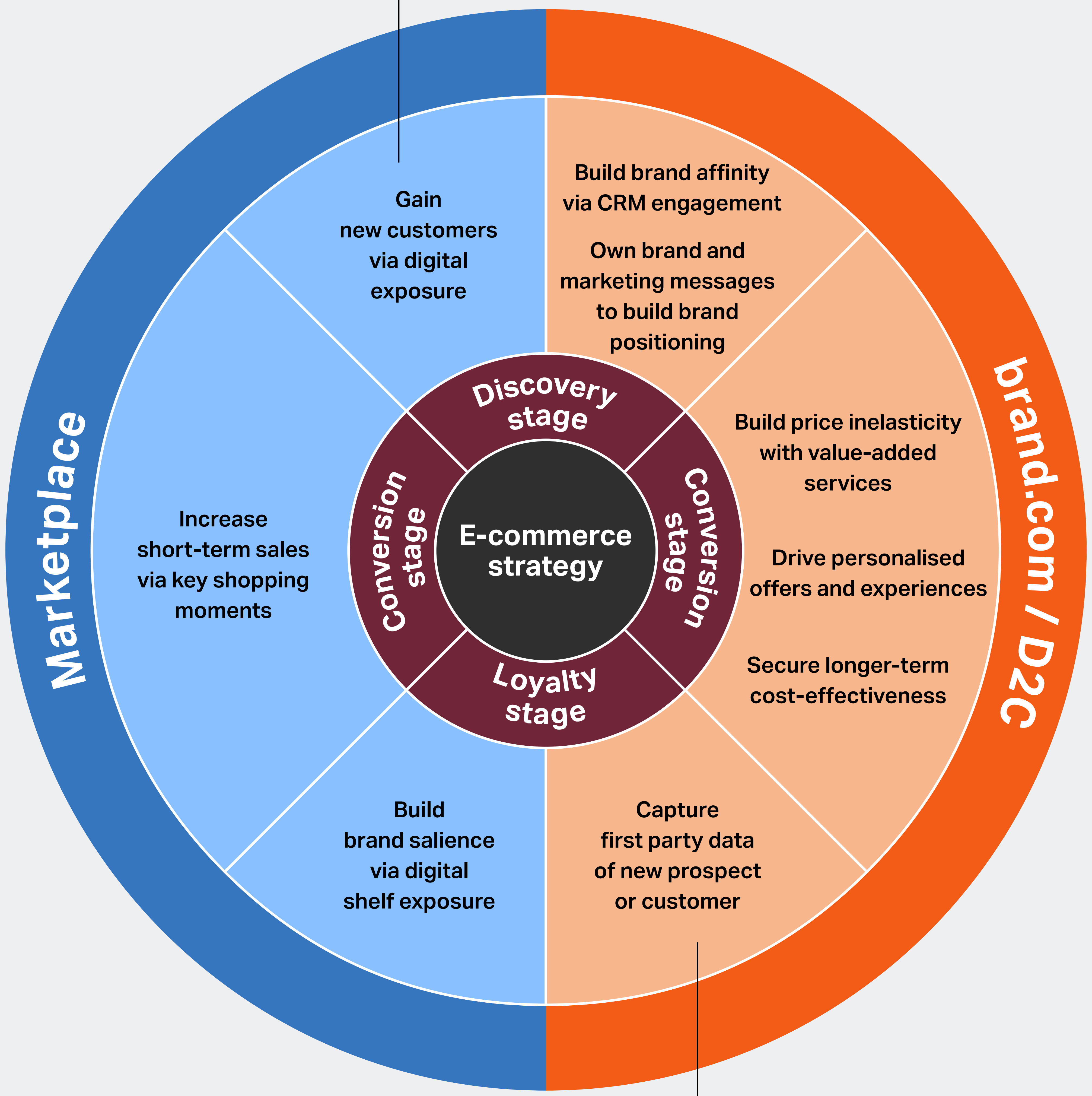
Taking the right action:

# Intentionally develop synergies among platforms

As sales channels and consumer touchpoints continue to proliferate, it can become tricky to choose the right ones that meet a marketing goal. Juggling between multiple options, without a clear sense of the different roles they play in a complex customer journey and the type of return they can give, risks putting a brand's profitability strategy off-balance.

Marketplaces and brand.com, as two prominent platforms in Southeast Asia, can be used to illustrate the synergy. **Marketplaces** account for **75%** of all post-pandemic online spending and **55%** of shoppers utilise brand.com along their path to purchase journey.

The following diagram illustrates the predominant advantages of using both across a converging customer journey, and how they can deliver on various marketing objectives.




**Scenario 1:**
A first-time customer could discover the brand through a marketplace, and purchase a first trial good at a discounted price. This provides both short-term sales and a new customer acquisition. The brand can then entice the customer to return and transact on brand.com with a personalised offer, thereby increasing customer lifetime value.

**Scenario 2:**
A frequent customer who is already part of your loyalty program may either continue to buy from brand.com for bigger ticket items, or choose to purchase items in bulk during a shopping festival sale to stock up.

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Taking the right action:

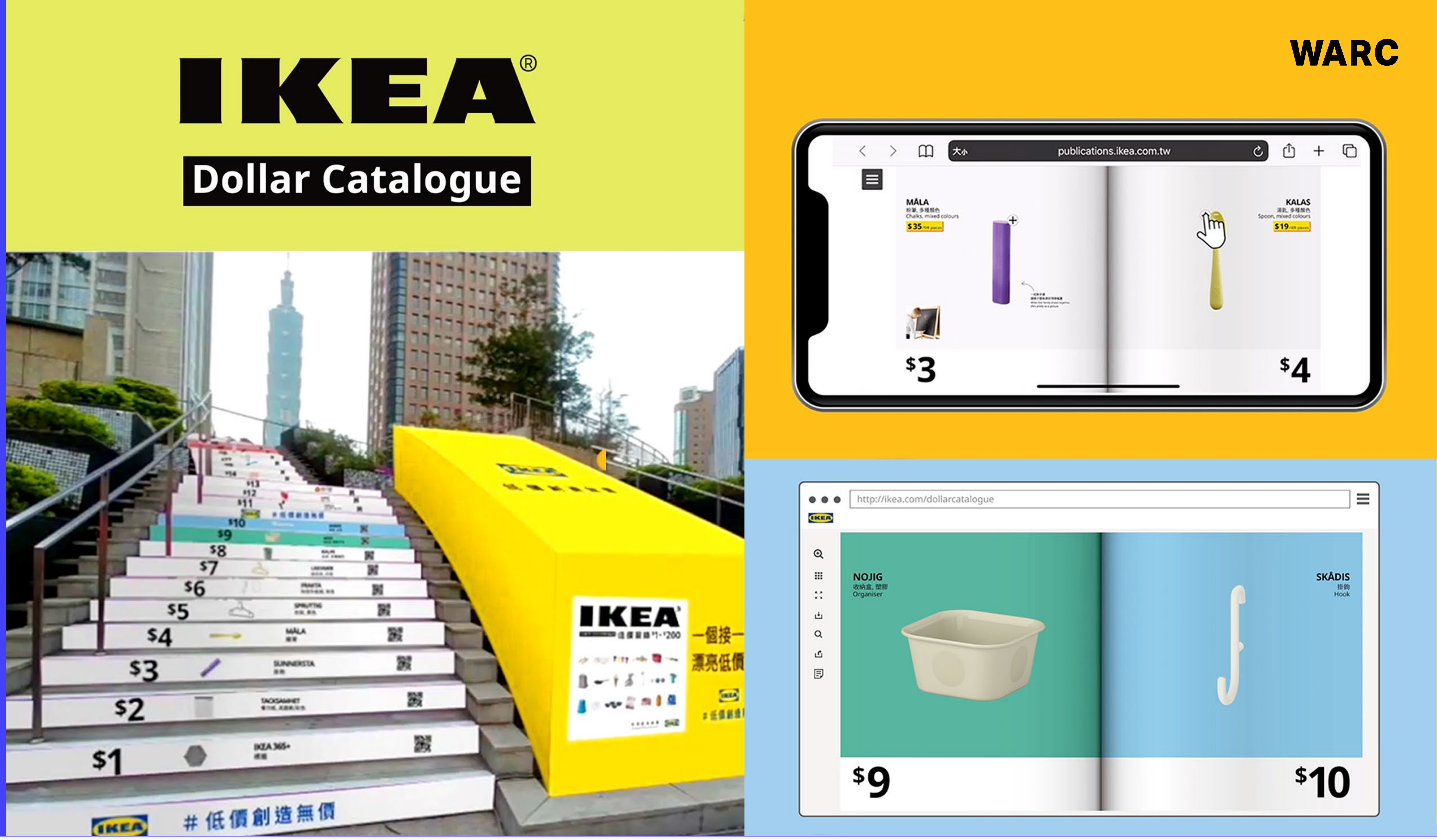
# Consider resources, budget, and ROI to leverage both marketplaces and brand.com

| | | **Marketplace** – *"Kiosk at digital department store"* | **Brand.com** – *"Owned digital boutique"* |
|---|---|---|---|
| **1 Resources** | | Participation in marketplaces tends to comes with higher variable marketing cost to compete with more sellers. | Must invest time and marketing budget to drive and grow traffic to the site, set up payment solutions, organise operations, customer service, etc. |
| **2 Capital expenditures** | | + Minimal CAPEX to reach new consumers on established marketplaces that have a large customer base and high traffic volume. | – Heavy CAPEX to set up logistics and fulfillment. |
| **3 Return on marketing investment** | **Brand advocacy** (Brand awareness, consideration, loyalty, customer lifetime value) | + Tap into a large customer base and drive brand discovery through product search, especially for relatively unknown brands.<br>– It is more difficult for brands to build sustainable CRM programs, targeted marketing campaigns or inform about special offers or new product launches.<br>+ / – More competition amongst brands on the digital shelves of marketplaces, though paid options exist for individual brands to boost visibility. | – Prevalence of discounting behaviours to attract deal-hunting consumers on marketplaces may build volume at the expense of margin.<br>+ Interface makes it convenient for consumers to make similar or repeat purchases. |
| | **Demand generation** (Product awareness, consideration, purchase intent) | + Offers major reach and drives discoverability, especially if you are a new brand that wants to increase penetration into a new category or market overseas.<br>+ Faster speed to market, especially if you are a new brand starting to sell or an established offline brand starting to build online awareness.<br>+ Offers multilingual interface, a precondition for selling across multiple countries. | + Drive more targeted consumers to the store and build a good quality base that can become the foundation for sustainable growth and competitive advantage in the long run.<br>– Fulfilling international orders might incur higher financial costs and operational burden as a result of having to manage currency exchange, shipping, customs requirements, taxes, etc. |
| | **Acquisition** (Product purchase & repurchase, volume / value) | – Prevalence of discounting behaviours to attract deal-hunting consumers on marketplaces may build volume at the expense of margin.<br>+ Interface makes it convenient for consumers to make similar or repeat purchases. | + Flexibility to run personalised promotions, drive relevant traffic and achieve higher conversion rates.<br>+ Owning customer data positions brands more favourably to drive repeat purchases and increase customer lifetime value compared to chasing after new customers.<br>+ Easier to enable omnichannel experiences to provide a seamless shopping experience, manage inventory with 'click and collect' schemes that can increase footfall to physical stores. |

Source: Selling online: Marketplace vs. brand.com, Moni

Brand.com case study

# Learning from IKEA Dollar Catalogue: Creating demand on brand.com




## Context:

During the pandemic, furniture brand IKEA Taiwan found its long-standing business model of driving people to its offline stores disrupted as people retreated indoors and felt economically insecure to spend on big-ticket hero furniture.

IKEA Taiwan had to rethink its brand.com experience to 1) attract customers online, and 2) encourage more purchases. The online IKEA Dollar Catalogue was thus launched, offering a new portfolio of lower-priced products.

## Objective:

- Drive online retail sales during the pandemic.

## Strategy:

- Develop a keen understanding of what would sell well online versus offline, and before versus during the pandemic.
- Pivot to showcasing bottom-up value (i.e. via low-priced accessories) on its web store, instead of driving top-down value (i.e. via big-ticket hero furniture).
- Tap into evolving needs of price-sensitive consumers by offering modest, pragmatic home upgrades.

## Key results:

- IKEA Taiwan successfully appealed to the COVID-19 shopper by offering a new brand.com experience.
- IKEA Taiwan's online store sales increased 123% year-on-year in Q3 2021, far exceeding the country's furniture category sales growth of 28.2%.

Marketplace case study

# Learning from Unilever Home Care: Driving acquisition in marketplaces


## Context:

Unilever was late to e-commerce when the industry was out-shouting each other to capture online shoppers. Unilever couldn't afford to engage in a race to the bottom because of pressure to maintain product margins and protect hard-earned brand equity.

Through the 'Clean home Clean Nation' campaign, the brand defied the discount-driven model by leveraging its brand purpose and shifting consumer preference from 'value discounts' to 'added value' through sustainability initiatives. This case study demonstrates both the effective use of marketplaces to drive acquisition, and balancing short and long-term goals.

## Objectives:

- Increase the contribution of e-commerce to Unilever Home Care versus the pre-campaign period in 2021.
- Grow preference for Unilever Home Care on e-commerce versus the pre-campaign period in 2021.

## Strategy:

- Targeted Gen Z and millennial consumers who were also native e-commerce buyers.
- Emphasised collective benefits to consumers, which persuaded them to 'buy and contribute to sustainability in your country' rather than 'buy for better discounts.'

## Key results:

- During the campaign month, the brand's category share on e-commerce grew by 32%.
- Home care contribution share to overall Unilever sales grew by 10% in May 2021 vs Jan-Apr 2021.
- Its home care market share grew to 14.7%, increasing the gap between Unilever and P&G to 3.3 percentage points, the highest in three years.

# Industry practitioner point of view

**Peggy Zhu**
Senior Director and Head of Brand & Growth Marketing
Shopee

Marketplaces have evolved beyond serving as a transactional platform for completing purchases, and now encompass the full funnel for brands from discovery to purchase. Brands can reach a wider audience pool and discover more potential customers through marketplaces, with added support on audience conversion. In addition, marketplaces allow for better monitoring of brand market leadership position and competitive status. For brands without resources to enable full-funnel marketing on brand.com, investing in marketplaces might be more efficient to meet online business objectives.

**Sanchit Mendiratta**
Managing Director
Merkle Singapore

A good starting point to balance brand.com and marketplace spends is to look at current and historical numbers. Assess minimum spends and tiers across retailer partnerships. Owned platforms give complete flexibility to build, personalise, and orchestrate the perfect customer experience, but it comes at a cost. Our north star typically is the brand's ambition to work with and own 0P and 1P data, their tech maturity, and appetite to make tech investments to build the brand.com commerce platforms.

Chapter 3

# Balancing the intricacies of omnichannel

Industry pain point:

# Value leakage from a fragmented ecosystem

**Siloed touchpoints and the lack of a holistic customer view make it difficult to capture the high value of omnichannel shoppers.**

**Omnichannel shoppers are high value customers**

Omnichannel shoppers bring in **1.5-2.1x** more value than non-omnichannel customers. By improving the customer experience across channels, retailers can increase sales revenue by **2-7%**, profitability by **1-2%** and overall shareholder return by **7-10%**, according to McKinsey research.

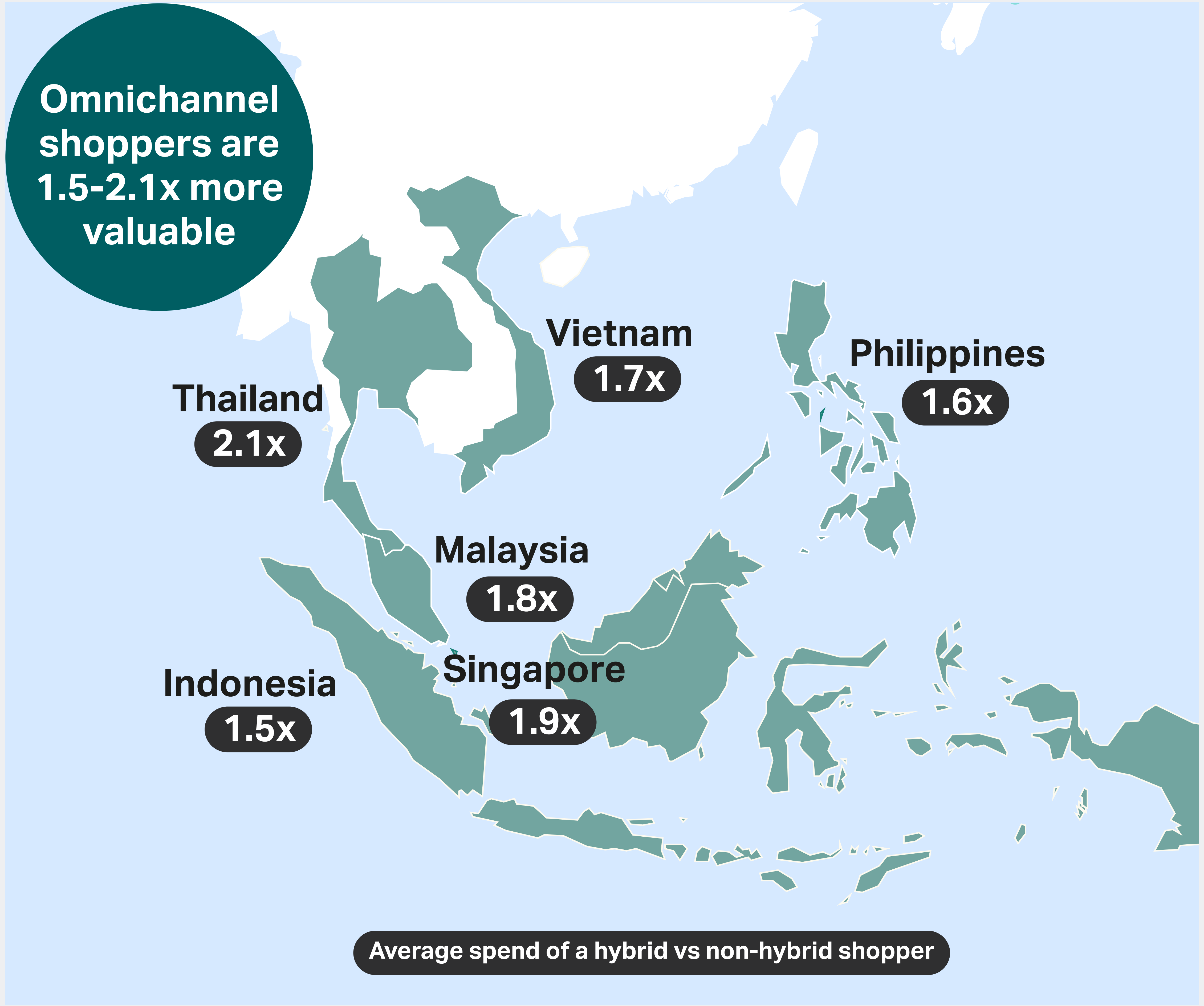
**Why is it difficult to convert omnichannel shoppers?**

Achieving omnichannel excellence is fundamentally a cross-functional responsibility. Yet, many companies still function in silos. This creates multiple understandings of customer needs, and limits their ability to offer a unified consumer experience. The problem is twofold:

Firstly, many companies are still functioning with an outdated view of e-commerce as a 'bolt-on' to the main business, rather than an expertise embedded across teams.

Secondly, without a holistic view of the customer, it becomes challenging to accurately capture the activity and signals of customers as they cycle through multiple touchpoints. This makes the data that marketers have on customers incomplete.

## Average spend of an omnichannel vs non-omnichannel shopper




Source: Google commissioned Kantar Shopper Pulse for SEA, 2021

Consumer viewpoint:

# Consumers cycle through a multitude of touchpoints known as the 'messy middle'

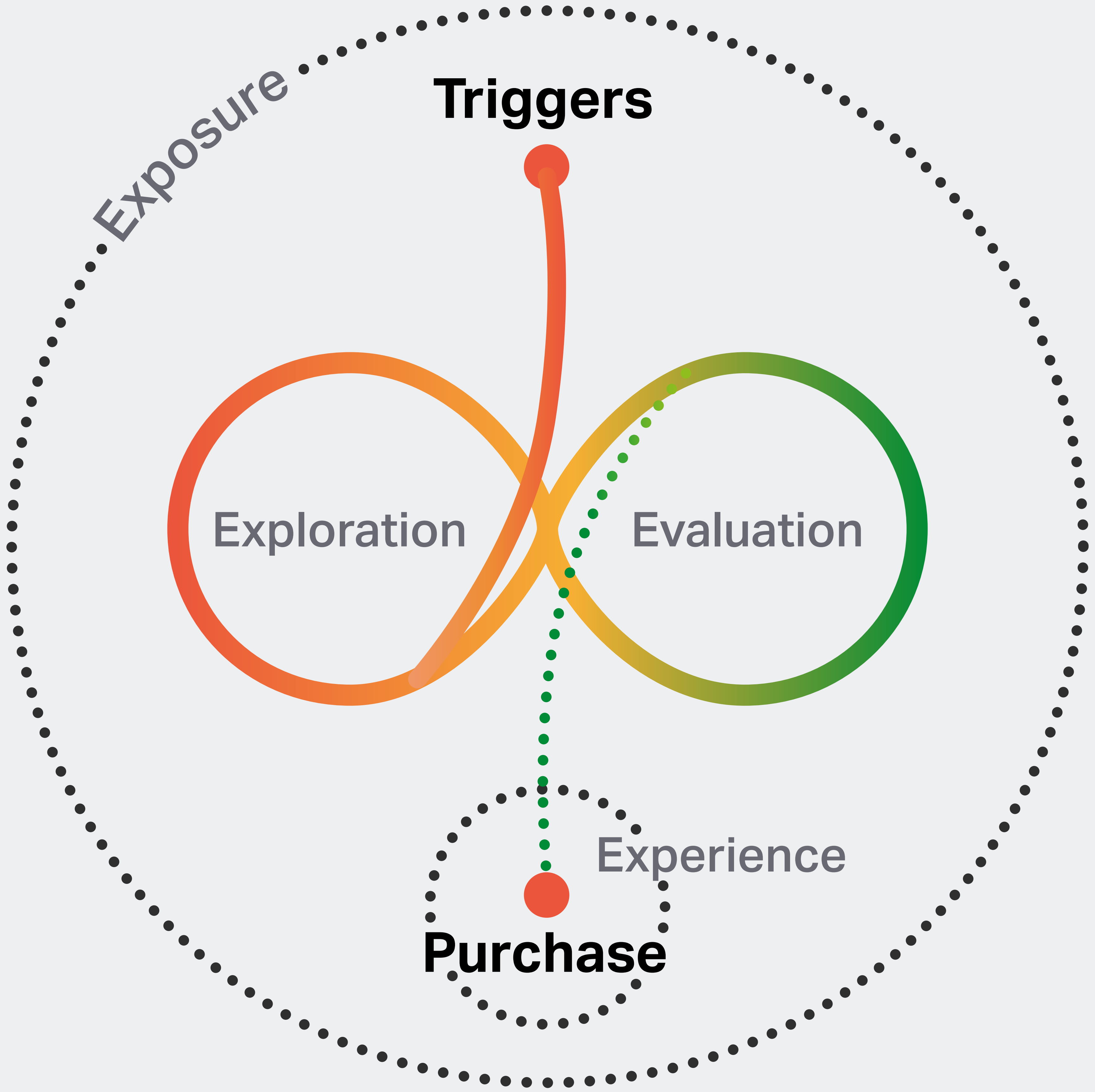
**Omnichannel shoppers go through 'exploration' and 'evaluation' modes across multiple channels, making it difficult to appropriately capture and convert their activities.**

Coined by **Google and Behavioural Architects**, this behaviour is called the 'Messy Middle' and illustrates the loop that consumers cycle through when shopping. It estimates that consumers cycle through approximately **500+** digital touchpoints, moving through two mental modes of 'exploration' and 'evaluation' before making a purchase.

These modes switch seamlessly across channels. To illustrate:

- **81%** of adults worldwide say they have purchased from both brick-and-mortar and online channels in the past three months.
- Despite the shift to digital, **90%** of global retail sales are still completed (i.e. collected or purchased) in a store.

## Decoding decisions with the 'Messy Middle' model




Source: Decoding Decisions, Making Sense of the Messy Middle by Think with Google

Taking the right action:

# A decentralised model to reorganise and rebalance for omnichannel

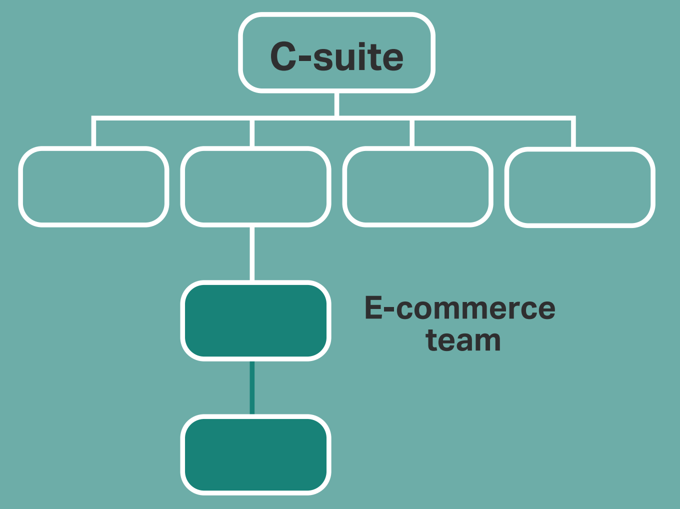
**To effectively capture the value from omnichannel shoppers, brands must break down silos and evolve legacy staffing models, both of which are barriers to getting a holistic view of the customer.**

This requires a willingness to think differently. Based on research conducted by Profitero, a global e-commerce monitoring and intelligence company, companies are commonly organising around three common structures: '**the embedded team**', '**the sidecar**' and '**democratised**.'

According to the report, when e-commerce was still new, brands had to create specialised teams that were separate from traditional marketing teams who did not have domain knowledge. Now that e-commerce skills are becoming more accessible to learn, more brands are shifting to a 'democratised' approach to their organisational structure.

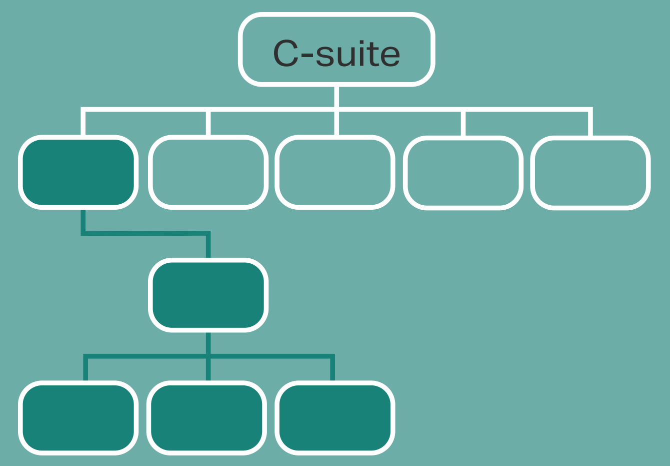
**19%** of organisations report having a 'democratised' structure in 2022, up from **15%** in 2021. This compares to 49% (down from **54%**) for 'the embedded team', and **26%** (down from **27%**) for 'the sidecar.'

## Which best describes the structure of your e-commerce team?



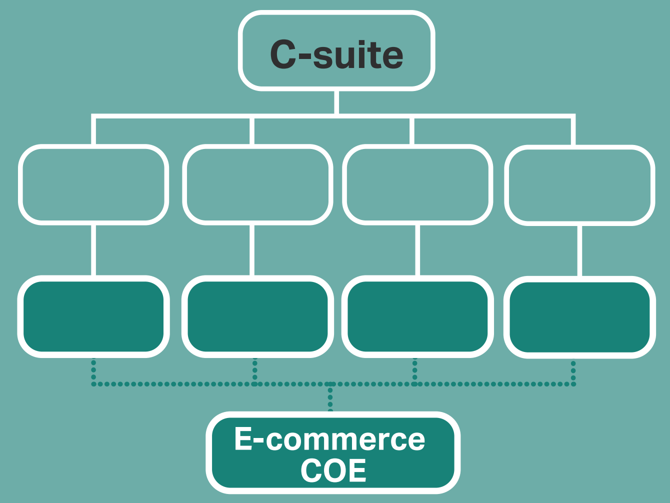

### The embedded team

Relatively small team reporting up through a single function, likely sales or marketing.




### The sidecar

Team made up of multiple functions (i.e. sales, marketing, supply chain, etc.) operating as a standalone unit.




### Democratised

E-commerce roles are dispersed across the organisation, often supported by an e-commerce Centre of Excellence (COE).

Source: The 2022 E-commerce Organizational Benchmark Study by Profitero

Taking the right action:

# Use Marketing Mix Modelling to evaluate marketing effectiveness channels

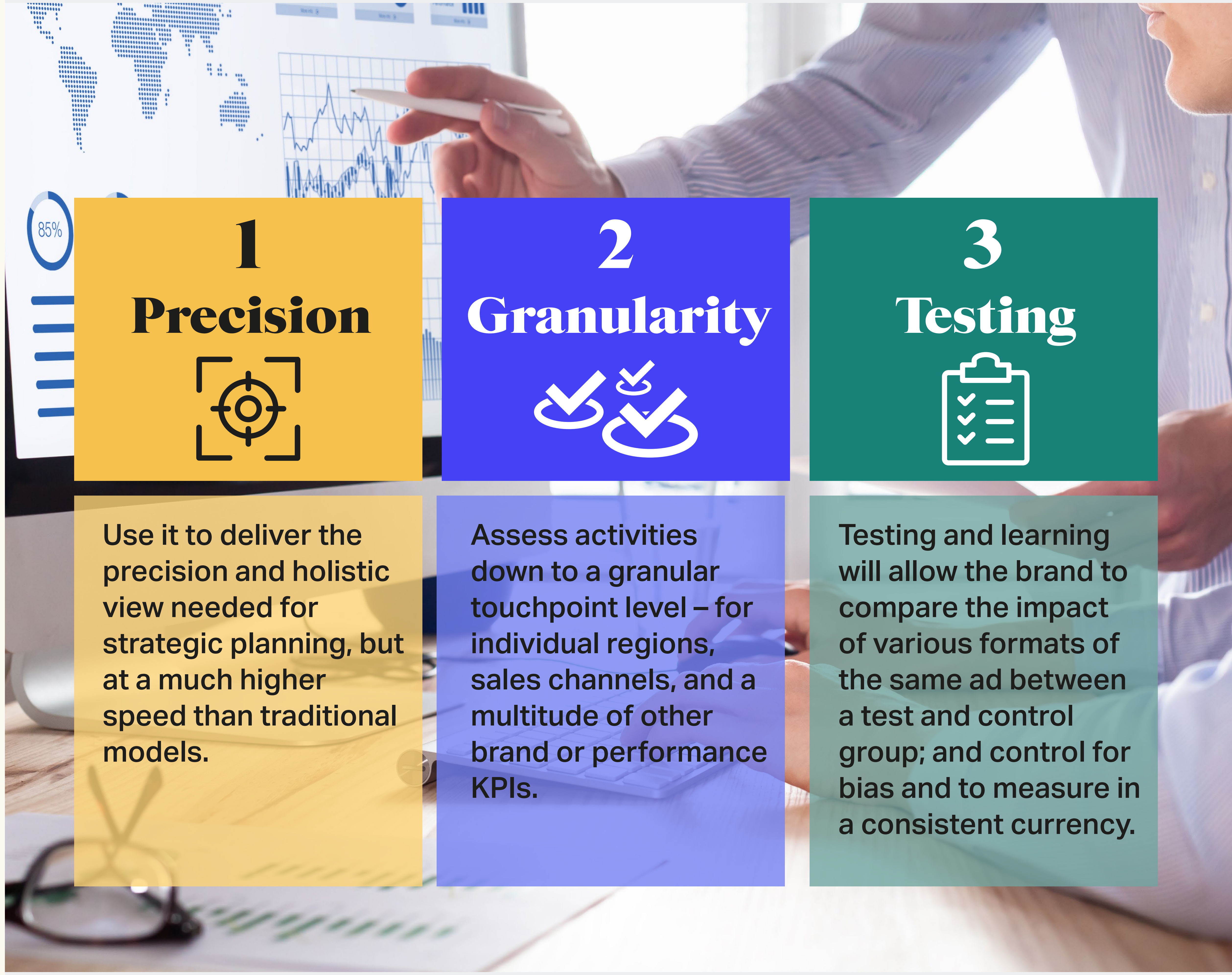
**Creating a holistic measurement program is a starting point for marketers to gain insight into the touchpoints that are most effective in driving consumers out of the 'Messy Middle' loop and into a purchase decision.**

One way to achieve holistic measurement is by adopting Marketing Mix Modelling (MMM) techniques, which allows marketers to measure the impact of their campaigns and determines how various channels contribute to their goals.

This includes capturing all media touchpoints and the synergies between them, halo effects, short and long-term effects, and all the 4Ps of marketing (Promotion, Product, Price and Placement).

By implementing MMM, marketers will be better equipped to understand which touchpoints matter the most to drive sales, especially in an omnichannel context.

## Benefits of Marketing Mix Modelling




Source: WARC Guide to customer journeys in an omnichannel world

# Learning from Nestlé: Bridging the online to offline attribution gap


## Context:

During the pandemic years, Milo Indonesia, part of Nestle, wanted to understand why it was losing market share but lacked the tools needed to help measure and attribute customer purchases.

At the same time, the brand wanted to power future brand growth and drive long-term customer acquisition. Understanding how customers researched, interacted with and purchased their brand across channels was key.

## Objectives:

- Gain real-time insights into the ever changing purchasing behaviour of its shoppers.
- Stitch both upper and lower funnel-assisted media, measured by offline sales, together.
- Understand the path to purchase while driving sales through a large network of 35,000+ retail stores.

## Strategy:

- Milo engaged Grivy as a tech enabler to help them capture end-to-end omnichannel shopper journey insights from click to transaction.
- To extract consumer information, promos were used as a value exchange.

## Key results:

- Delivered directly attributable sales which amounted to 1.5x of trade promotion investment, and facilitated a further 9,000+ transactions.
- Uncovered a pool of high-intent audiences comprising 10K+ consumers who dropped off before the last step, and which can be retargeted.

# Learning from Honda: A framework for multi-channel measurement


## Context:

While Honda Cars India Ltd was operating full throttle in Tier 1 markets, it had a limited presence in Tier 2 and Tier 3 cities.

Its research revealed that in India, the consumer journey of car intenders rested on three pillars – Search, Auto Aggregator Platforms and Social Media. By analysing segment leaders and competitors, the brand concluded that Top of Mind Awareness (TOMA) across these pillars had a strong bearing on the brand's market share.

Honda Cars India Ltd launched TOMA Traction Scores (TTS) x Market Share, which was an analytical tool that factored in the most important components of prospective car buyers' digital purchase journeys to help the brand prioritise the most relevant marketing channels.

## Objective:

- Target first-time car buyers in Tier 2 and Tier 3 cities, and increase the brand's market share, especially for the Honda Amaze model.

## Strategy:

- Developed the model by triangulating profiling and digital behaviour data points with insights from the Brand Development Index (BDI) and Category Development Index (CDI).
- Used the model to inform media weightage and strategy within the Top of Mind Awareness stage to drive market share in a new market.

## Key result:

- Honda Amaze's TTS moved from 28% to 51%, which resulted in an 11% jump in market share and ultimately a significant increase in sales.

# Industry practitioner point of view

**Yan Huang Lu**
Head of Growth & Intelligence
Castlery

To improve the customer experience and drive customer retention, brands need to build out an end-to-end omnichannel customer journey. It is also critical to understand how your online and offline marketing budgets jointly drive revenue and to quantify your ROI. Leverage your customer data to identify the most important drivers of omnichannel conversions, validate your assumptions, and invest resources behind these drivers. This will help you become more customer-centric in your omnichannel strategy, and in turn boost profitability for your brand.

**Lyubomir Minkov**
Senior Vice President,
Head of FairPrice Online
FairPrice Group

It is key for marketers to dissect and understand their omnichannel base in detail. Develop omni-customer level tags for preferred shopping locations, physical versus online channels, preferences for brands and categories, shopping missions etc. Instead of developing one generic omni segment, have multiple targeted campaigns to drive specific actions at the category level. After all, retailers have different profit margins across categories and these lenses allow for more surgical targeting to drive profitability objectives.

# Key takeaways

## Chapter 1

### Balancing investments over the long and short

1. End the **'false dichotomy' between brand and performance** marketing, by taking a balanced approach between the two, to drive both short-term sales and long-term equity.
2. While affordability is a common attribute that budget-conscious consumers will certainly look out for, **value isn't necessarily always dictated by price**.
3. To rebalance away from **'short-termism'**, marketers must invest in brand building to deliver value to discerning customers and create **'future demand'** in the long run.
4. Build brand advatange based on four drivers: **fame** (am I aware of it?), **mental availability** (would I consider it?), **recognition** (do I know it when I see it?), **perceptions of value** (do I think it's worth the price?).

## Chapter 2

### Balancing the use of brand.com and marketplaces

5. A complex post-pandemic retail landscape requires a **balanced channel strategy**, but this is harder to achieve with the proliferation of online and offline sales channels.
6. Developing an understanding of the strengths of different platforms (especially brand.com and marketplaces) can allow marketers to balance their **budget allocations across channels** to achieve their marketing objectives.

## Chapter 3

### Balancing the intricacies of omnichannel

7. Omnichannel shoppers cycle through two modes of **'exploration'** and **'evaluation'** across a fragmented ecosystem of touchpoints, making it difficult to capture and convert their activities.
8. To effectively serve highly valuable omnichannel shoppers, brands must **break down silos** and evolve legacy staffing models that are barriers to developing a holistic view of the customer.
9. Consider implementing attribution and **marketing mix modelling** (MMM) techniques to gain a better understanding of which touchpoints matter the most in driving sales across channels, over both the short and long term.

# Who we are

WARC
AN ASCENTIAL COMPANY

**At WARC, our purpose is to save the world from ineffective marketing by putting evidence at the heart of every marketing decision.**

We believe that effective marketing is based on facts and not opinions.

Since 1985, we've brought confidence to marketing decisions through the most trusted research, case studies, best practice, data and inspiration.

Today, we help 75,000+ marketers across 100+ countries. Our clients include the world's leading brands, advertising and media agencies, media owners, research companies and universities – including the top-five largest agency groups and top-five largest advertisers in the world.

Learn more about WARC Advisory here.

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