

# Maximising retail marketing

 By [Gareth Pearson](#)

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Following company research, there have been several noticeable shifts in retail marketing in the past with two predominant trends emerging that retailers seem to be tapping into in developing their marketing strategies.

These include a marked increase in promotional activity, particularly from retailers that didn't previously rely on promotions to drive value among their customers and consumer basket and transactional analysis, where retailers are increasingly assessing product combinations and using these to inform their promotions. For example, supplier banded packs have been around for years, but we have noticed an increase in the past year of cross-supplier promotions.

While it's interesting to note how these trends are influencing activities, it's important to recognise their place within the fundamentals of good retail marketing to start with. Knowing what these principles are allows you to employ successful marketing strategies that deliver strong return on investment.

## Top five tips

1. **Maintain your 'share of voice' presence:** Print advertising accounts for a high percentage of all retail ad spend and it's critical that you maintain your share of voice in the market. Interestingly, we noticed a decline over the past festive season in retail ad presence, most likely as a result of the recession. However, the festive period is a major selling season for retailers and actually a time when advertising activity should be increased. Retailers should maintain their advertising presence as much as possible. This creates awareness within consumers' minds that you're a big player in the market and that you're offering value.
2. **Track competitive pricing consistently:** This is key to understanding where your business is going and can successfully inform promotional strategies. You need to select a basket of key value items (KVIs) - the items that generate the most value per unit sold - and assess these versus those of your competitors. These products should then be tracked on a regular basis. This provides a relative idea of your pricing strategy and allows for an element of inflationary tracking. The company offers an InStore Observation Service where it provides independent, impartial audits of prices in-store on a scientifically calculated sample basis. This provides a statistically reliable comparison of pricing (which also helps ensure pricing compliance), forward share and out of stock products.
3. **Develop a promotional strategy grid:** The company expends much effort in trying to correlate the behaviour between promotional activity and in-store pricing. Is a particular store promoting the right products to its customers? This sounds like a very basic concept, but more often than not we find that retailers aren't promoting the right products. If you stock an item that's cheaper at your store than at your competitor's store, promote that. But if the

product is more expensive at your store, you're wasting your time. In order to make that judgement call you have to have data. You need to know how competitive your store is and how you rank compared to your competitors. This is where competitive price tracking comes in once again. By using the information gathered through this process you can develop a highly effective promotional strategy, that creates perceived value among your customers and offers return on your ad spend investment. Don't forget to include timing in your promotional strategy; you must promote the right product at the right time (i.e. seasonal promotions, month-end promotions etc.) for maximum impact and ensure you have the necessary resources to support your promotions, such as enough stock in the store, as consumers will blame you the retailer and not your supplier if you run out of promotional stock.

4. **Make your own intel add value:** Most of the time retailers have sufficient data within their business through say, basket analysis or regional data analysis that could help determine where and how they should grow the business. Extracting and analysing this information in conjunction with the business's long-term plans can inform marketing strategies from a more holistic perspective.
  
5. **Understand the value drivers:** There are a myriad of value drivers in a retail business. These include price changes; store openings; new product growth; pack size changes; and the month-end factor. These are the factors that contribute to the value being driven through your business or the growth you're experiencing. However, you need to understand which one is having the most impact in your business in order to use this to inform your strategies. For example, by assessing this data, we can see where a retailer's growth is coming from and then they can capitalise on that through their marketing strategies.

Retailing is not rocket science; it's common sense, but the problem lies in the execution of these basic issues.

## ABOUT GARETH PEARSON

Gareth Pearson, CEO and shareholder of BM Research ([www.bmi.co.za](http://www.bmi.co.za)), is a market research specialist with particular focus in the industrial and FMCG markets in various sectors, including the retail market. He serves as a member of the South African Institute of Packaging's Regional Committee and is involved with the South African Packaging Council. Gareth was responsible for the merger of BM Foodpack and Adcheck Research during 2008. Contact Gareth on tel +27 (0)11 615 7000.

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