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# Innovations in Shopper Marketing: Current Insights and Future Research Issues

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**Abstract**

Shopper marketing refers to the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation. The goal of shopper marketing is to enable a win–win–win solution for the shopper–retailer–manufacturer. Shopper marketing has emerged as a key managerial practice among manufacturers and retailers, who are eagerly embracing innovations in the different aspects of shopper marketing. We review current and potential innovations in shopper marketing. We identify the managerial challenges to achieving new win–win–win solutions among shoppers, manufacturers, and retailers in shopper marketing and outline future scenarios and research issues related to these challenges.



*Keywords:* Shopper behavior; Multichannel marketing; In-store marketing; Retailer; Manufacturer

## Introduction

Over the past few years, retailers and manufacturers alike are increasing their attention and resources allocated to the practice of shopper marketing (Deloitte Research 2007; Neff 2009a). Shopper marketing can be viewed in broad or narrow terms. For example, Shankar (2011) defines shopper marketing broadly as "the planning and execution of all marketing activities that influence a shopper along, and beyond, the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase, and recommendation," while Deloitte Research (2007) defines it more narrowly as "the employment of any marketing stimuli, developed based on a deep understanding of shopper behavior, designed to build brand equity, engage the shopper (i.e., an individual in "shopping mode"), and lead him/her to make a purchase."[1]

Shopper marketing differs from traditional marketing along both strategic and tactical dimensions. Table 1 captures some of these key differences. At a strategic level, while traditional marketing focuses on consumers and their consumption patterns, shopper marketing targets shoppers in shopping mode. Traditional marketing does not consider that consumers play a different role when they are in their role as shoppers (e.g., in active decision mode, prepared to make a choice), while shopper marketing "targets" consumers when they are in this role. Furthermore, the shopper may well not be the consumer. For example, a mother often makes purchases for her children and husband. Correspondingly, the underlying principle of traditional marketing is to use pull and push strategies to create and

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[1] We recognize that there are other definitions of shopper marketing that are somewhat narrow. Nonetheless, our focus is not on the different definitions but on *innovations* in shopper marketing.

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Table 1
Key differences between traditional marketing and shopper marketing.

| Dimension | Strategic/tactical | Traditional marketing | Shopper marketing |
|---|---|---|---|
| Principle | Strategic | Create awareness, use pull and push strategies | Create awareness, influence triggers in the shopping cycle |
| Dominant focus | Strategic | Brand | Shopper |
| Primary target | Strategic | Consumer | Shopper |
| Mode of the individual | Strategic | Consumption | Shopping |
| Breadth of perspective | Strategic | Brand, category | 360 degree view of the shopper |
| Domain of individual action | Tactical | Primarily offline, typically in-store | Across all channels, media, and devices |
| Category focus | Tactical | Single category | Multiple category |
| Promotions | Tactical | Trade- and consumer- directed promotions | Shopper-directed promotions |

satisfy consumer demand, whereas that of shopper marketing is to influence triggers in the shopping cycle. Furthermore, the dominant focus of traditional marketing is the brand and/or product category while that of shopper marketing is a complete "360 degree" view of the shopper, whatever the product categories marketed by the firm (manufacturer or retailer).

On the tactical front, shopper marketing differs from traditional marketing in three key ways. First, the domain of individual action on which traditional marketing concentrates includes primarily offline activities such as consumers' store visits and actions inside a store. In contrast, the domain of individual action of interest to shopper marketing includes all shopper actions across different channels, media, and facilitating technologies. Second, while traditional marketing focuses on a single category, shopper marketing covers multiple categories. Third, traditional marketing promotions are directed at intermediaries (e.g., wholesalers, distributors, and retailers) and consumers, whereas shopper marketing promotional programs are addressed to shoppers when they are in shopping mode. In general, manufacturers and retailers are shifting from a traditional marketing approach to a shopper marketing approach.

Although shopper marketing is a relatively young substantive area, continuing innovations in its practice are being demanded by significant changes in shopper behavior in recent years. The major drivers of these changes in shopper behavior are trends in four environmental factors – technology, economy, regulation, and globalization. These factors are broad classes of environmental forces that shape shopper marketing as well as innovations in shopper marketing practices of manufacturers and retailers.

First, technology is a significant driver. Due to the rapid penetration of the Internet, shoppers now have more control over the access and use of information than ever before. Technology-related developments such as the rise of powerful search engines, advanced mobile devices and interfaces, peer-to-peer communication vehicles, and online social networks have enhanced marketers' ability to reach shoppers through new touch points.

Second, changes in the economy can have both short- and long-term effects on shopper behavior and shopper marketing innovations. The recent economic downturn has created a "new normal" environment with dramatic changes in shopper behavior and firm spending. Shoppers have cut back on hedonic spending and are now shopping for the best offering at the best price. Many shoppers are buying more private label brands and are permanently shifting to these new habits rather than reverting to their less diligent prior spending behavior. The depressed economy has also negatively impacted companies' marketing budgets, forcing them to "do more with less." Many retailers are also closely examining their category and brand assortments and are eliminating underperforming brands. For example, Walmart recently dropped Glad and Hefty storage bags and replaced them with its private label brand. In the long term, however, some of these shoppers may revert back to their favorite national brands in times of economic prosperity (Neff 2010).[2]

Third, deregulation and heightened competition in many countries are forcing retailers and manufacturers to find more creative ways to market to individuals who are in the shopping mode (Kopalle et al. 2009). To outsell rising competitors on a global playing field, they now have to adopt innovative marketing practices to reach shoppers through new in-store and out-of-store activities.

Fourth, globalization is enabling retailers to grow into powerful and innovative firms (Krafft and Mantrala 2008; Reinartz et al. 2011). Big retailers such as Walmart, Best Buy, and Amazon are increasing their dominance in the marketplace. They are able to influence shopper decision-making, in particular, within the store. Consequently, many manufacturers feel threatened by the potential loss of brand protection and control. Furthermore, smaller retailers are looking for different ways to compete with their bigger rivals. These firms are also looking for new opportunities to influence shoppers.

Lastly, interactions among these four factors can also affect changes in shopper behavior and shopper marketing practice. For example, the economic downturn involving the meltdown in home mortgages has also led to stricter regulation on lending and financial information disclosure. These changes in the economy and regulation factors may interact to increase shopper search and browsing behavior in their shopping cycle.

Thus, changes and enhancements in shopper marketing are emerging as manufacturers and retailers react to the "new normal" shopper mode. By developing and/or adopting innovations in shopper marketing practices, both manufacturers and retailers can be more effective and efficient in managing existing products and in introducing new products.

[2] For a detailed exposition of innovations in retailer assortments, see Dekimpe et al. (2011).

In this paper, we build on Shankar's (2011) overview of shopper marketing by focusing on *innovations* in shopper marketing in the *retailing environment*. We first review the underlying concepts and present an organizing framework of innovations in shopper marketing. We then discuss the key issues and managerial challenges related to shopper marketing innovations. This discussion is followed by an outline of possible future scenarios in shopper marketing. The paper concludes with directions for further research in shopper marketing innovations.

## Conceptual development and key issues

A key goal of shopper marketing is efficient leverage of scarce marketing resources to increase sales and boost brand equity. In essence, shopper marketing is an acknowledgement of the need to understand, activate, and engage with consumers when they are in the role of shopper. A key focus of shopper marketing, therefore, is to influence shoppers throughout the shopping cycle that comprises different stages such as motivation to shop, search, evaluation, category/brand/item selection, store choice, store navigation, purchase, repurchase and recommendation considerations (Shankar 2011).

A critical element of a successful shopper marketing program is the recognition that key trigger points in the shopping cycle can occur both outside and inside the store. At these trigger points, the attitudes and behaviors of shoppers change significantly. For example, during the store navigation stage, a shopper could change from being a browser to a buyer because of an in-store targeted mobile coupon.

Different studies provide different estimates of the relative influence of in-store and out-of-store shopper marketing activities on purchase. According to one study, over half of shoppers' decisions are made in-store (Inman, Winer, and Ferraro 2009). Another study of grocery shoppers by GMA, Booze & Company and Shespeaks reports that 81 percent of shoppers do shopping research before purchasing, 77 percent do not carry a detailed shopping list, and 59 percent of the decisions are made in the store (GMA 2010). An earlier study puts the proportion of decisions made at the store higher at 70 percent (Deloitte Research 2007). Given the high degree of decision-making in the store, there is considerable upside in doing a better job of marketing at the point of purchase (the "first moment of truth," Löfgren 2005). Regardless of the relative percentages of decisions made in and out of store, marketers are constantly looking for creative opportunities to influence shopper decision-making along the entire shopping cycle.

Shopper marketing also serves to enhance brand equity in the long run. A firm's shopper marketing programs aim to create favorable shopper perceptions for its brands throughout the shopping cycle. Even though some shopper marketing activities of a brand may not result in the choice of that brand by a shopper, they may be considered effective if they enhance the image of the brand in the minds of the shopper at different points in the shopping cycle.

Innovations in shopper marketing can be analyzed using the framework shown in Fig. 1. As discussed in the introduction section, the environmental factors that drive shopper behavior and innovations in shopper marketing are technology, economy, regulation, and globalization. Shopper behavior in the shopping cycle comprises search, evaluation, category/brand/item choice, store choice, store navigation, purchase, and post-purchase actions (Shankar 2011). In addition to the direct effects of the four factors on changes in shopper marketing practices, changes in shopper behavior also lead to shopper marketing innovations from retailers and manufacturers. Shopper characteristics such as demographics, psychographics, and behavioral history moderate the effects of the drivers on shopper behavior. Shopper behavior influences innovations in shopper marketing,

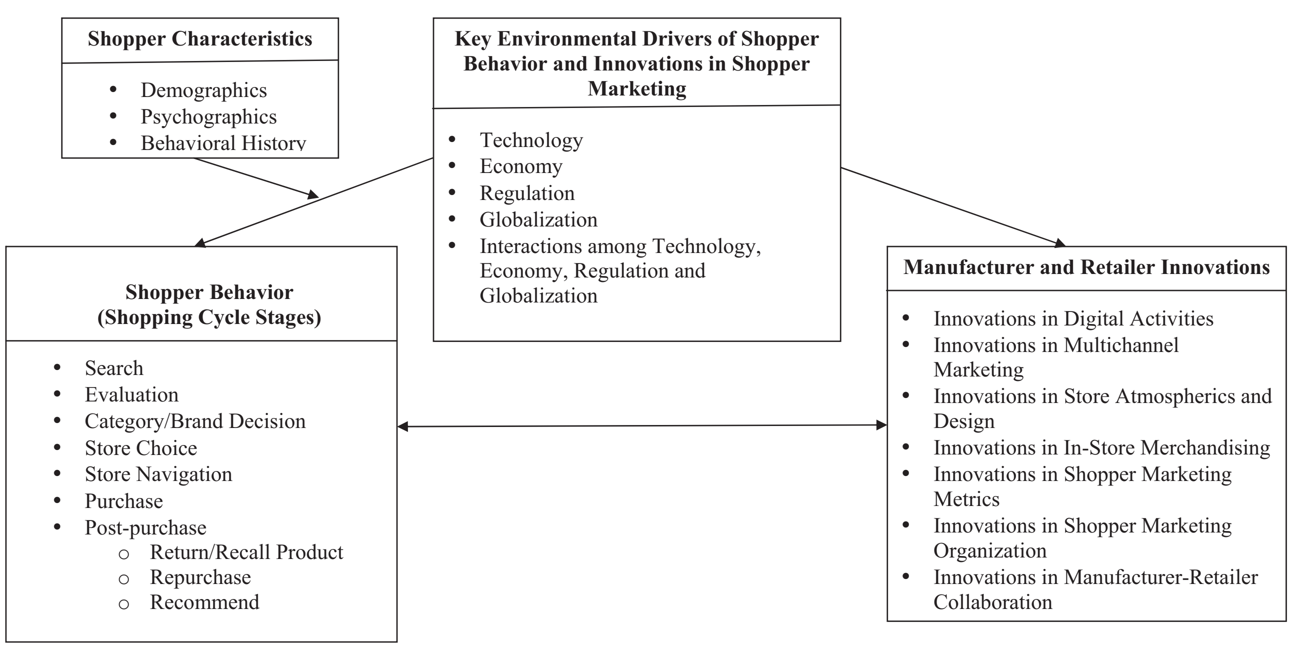


Fig. 1. A framework for analyzing innovations in shopper marketing.

which in turn, reshape shopper behavior. Thus, the relationship between shopper behavior and shopper marketing innovations is bidirectional.

In the following sections, we discuss each of the different shopper marketing innovations shown in Fig. 1 in detail. Because research in shopper marketing innovation is in its infancy, we do not discuss specific relationships among the drivers, shopper marketing behavior, and innovations in shopper marketing. Instead, we briefly discuss the known antecedent drivers and shopper behaviors for each type of shopper marketing innovation. We also highlight some possible effects of these innovations on shopper behavior. Furthermore, due to the paucity of research on the moderating role of shopper characteristics, we do not discuss their possible effects in detail.

There are a wide variety of approaches to shopper marketing across companies, and innovative practices are in flux. However, from a normative perspective, successful shopper marketing programs should comprise several key elements starting with a "couch-to-cart" philosophy and an insights generation process that continuously automates the conversion of data to insights and improves shopper marketing activities. These improvements in activities could be strategic or tactical and include innovations in digital activities, multichannel marketing, in-store atmospherics and design, in-store merchandising, metrics, marketing organization, and manufacturer-retailer collaboration. Below, we discuss each of these components and the role of the drivers in shaping them.

### *Innovations in digital activities*

Advances in technology present several opportunities for digital shopper marketing activities along the *path to purchase*. Opportunities can occur at any point in the shopping cycle—from the "couch" (e.g., TV remotes, video gadgets, and iPhone apps) to the "cart" (e.g., digital signage and radio frequency identification [RFID] tracking). In general, the deep penetration of technological developments such as mobile devices and media among the population has opened up new opportunities to influence shopper attitudes and behavior (Shankar and Balasubramanian 2009), particularly in the retail environment (Shankar et al. 2010). Many firms are offering coupons on the Web and through email. In addition, location-sharing application providers such as Shopkick, Loopt, and FourSquare are offering mobile coupons and loyalty programs to shoppers with mobile phones, potentially affecting their attitudes and behaviors along the shopping cycle (Fowler 2010).

Two examples illustrate the growing influence of electronic and mobile media on shopper behavior and shopper marketing practice. In the first example, Kraft introduced their ifood assistant app for the iPhone in late 2008. This app allows shoppers to download over 7,000 different recipes, make a shopping list with the touch of a button, and see if the shopper's favorite store is offering any promotions for items on the list.[3] Furthermore, amid the economic downturn, some retailers are using customized electronic coupons for shoppers. In the second example, Sam's Club runs a program called eValues that offers its member shoppers discounts tailored to them based on their past buying history (Martin 2010). These discounts are emailed to the shoppers as well as offered through kiosks in selected Sam's Club stores (Martin 2010).

As more shoppers are using social media (e.g., Twitter, Facebook, Myspace, and Linkedin) and rely on them for making shopping decisions, promotion through these media has become important. Shopper marketing can use social media to listen in and collaborate with shoppers on product development, message development, identifying advocates, and connecting with in-store activities. Therefore, manufacturers and retailers are constantly looking for new opportunities to influence and measure shopper attitudes and behavior out of the store. Retailers and manufacturers can now use a Twitter service called Promoted Tweets, which works in a manner similar to Google's paid search advertising. A few firms claim to have experienced significant gains. As examples, Virgin America believes that its Twitter advertising platform has generated about $10 million worth of advertising coverage; Bravo, which used Twitter to publicize its tie-up with Earth Week, reports that it received 200,000 impressions a day; and Red Bull claims that engagement rates at its Twitter platform are higher than the typical cost-per-click or CPM advertising (AdWeek 2010). Effective shopper marketing programs can leverage social media to target a specific shopper group (Neff 2009b). Despite these claimed successes, tracking the effectiveness of campaigns that do not require immediate actions in social media can be challenging.

Customizing and personalizing offers to shoppers has emerged as a major shopper marketing innovation. Amazon's collaborative filtering tool set the trend for recommendation engines that are now offered by many firms on the Web. The usefulness of recommendation engines varies across firms but Netflix is constantly improving its algorithms for movie recommendations through contests that have attracted the expertise of the best minds. Furthermore, many retailers are now offering single click shopping, following Amazon, which popularized the one-click checkout concept.

Shoppers are now able to use smartphones to search for products and obtain user and expert reviews before entering a store or while navigating through a store. This out-of-store influence on shoppers is potentially quite substantial, and marketers are looking for new ways to influence shopper perceptions early in the shopping cycle. Moreover, quick and easy shopping features such as onetouch shopping using a smartphone are designed to induce purchase at different stages in the shopping cycle.

### *Innovations in multichannel marketing*

Multichannel management – the design, deployment, and evaluation of channels to enhance customer value through effective customer acquisition, retention and development – is emerging as a strategic area of decision-making for marketers (Neslin et al. 2006; Neslin and Shankar 2009). A channel is a broad term that includes both a method of distribution and

[3] For greater details on innovations in price promotions, see Grewal et al. (2011).

product delivery (e.g., the Web and catalog) as well as a store format (e.g., grocery store and club store).[4] Technological changes are offering multiple channels and touch points to shoppers. As more shoppers are using multiple channels and touch points, and as shoppers are more constrained by time, many marketers are embracing innovations in multichannel marketing (Kushwaha and Shankar 2007, 2011).

Different channels are associated with different sets of product categories, leading to shoppers buying from multiple channels (Inman, Shankar, and Ferraro, 2004). Different channels play different roles in the shopping cycle. Many shoppers do their research on the Internet and make purchases in the bricks-and-mortar store (Verhoef, Neslin, and Vroomen 2007). Managers can optimally allocate their shopper marketing resources based on segmentation of shoppers by channel of purchase (Kushwaha and Shankar 2007).

*Getting a 360 degree view*

Manufacturers and retailers are looking for ways to better understand the holistic behavior of shoppers of their product categories (Neslin and Shankar 2009). Historically, manufacturers have developed their strategies based on the behavior of shoppers in their own product categories mainly because of their narrow focus and data limitations. Similarly, retailers have formulated their strategies based on the behavior of shoppers in their own stores. Due to the global economic downturn and the associated diminished disposable income, more shoppers are now searching, buying, and engaging in post-purchase activities across different channels, manufacturers and retailers. By examining and understanding the 360 degree or complete shopping behavior across different channels and entities, marketers can make more effective marketing decisions.

How can marketers get a 360 degree view of the shopper? They have to go beyond behavioral data such as panel data and loyalty program data, which are restricted to limited product categories and one retailer. One option is to obtain reliable data through periodic surveys of a representative panel of shoppers. Another option is to partner with credit card companies, which can offer a panoramic view of a shopper's purchases. The data from these options would supplement the behavioral data that the marketer is already collecting. Regulatory forces such as privacy policies also affect what data can be collected and how they can be used. Each of these options has its limitations, but collectively, they can offer a better view into a shopper's shopping patterns.

*Providing a seamless experience*

As technology enables shoppers to increasingly use and engage with multiple channels of a retailer, they are also looking for consistent information and seamless experience across these channels. To satisfy and retain shoppers, retailers may need to provide the same information in the same style and tone across the channels. For example, a shopper visiting Macys.com and a Macy's bricks-and-mortar store should experience the same look and feel of the different products. Often, many shoppers expect price integrity or price consistency across the channels. Most retailers do offer this feature for most products. An innovative way to provide this seamless experience is to signal and promote the use of multiple channels by linking them. For example, J.C. Penney has installed kiosks within many of its brick-and-mortar stores. These kiosks serve as Web portals of the retailer, allowing shoppers to browse the product offerings and order those not available in the store. With the growing adoption of the Internet worldwide, a company's website is visible to anyone across the globe, so providing a consistent and seamless experience is becoming a de facto standard.

A seamless experience that allows shoppers to return products bought in one channel through another channel is also becoming common. Retailers need to plan their fulfillment and reverse logistics strategies based on predicted return behavior across all their channels. They must also put contingency plans in place for product recalls and unanticipated product harms. The negative experience of Johnson & Johnson in the recall of its Tylenol brand of analgesic across multiple retail channels due to suspected contamination underscores the complexity of planning for such recalls. Similarly, Sony had to coordinate across all the channels (e.g., retailers, its own website, online computer resellers, and catalog marketers), its recall of more than half a million units of its Vaio brand of laptop computers due to overheating problems.

*Promoting across channels*

Many retailers are also seeking to improve their prices and promotions to shoppers as they access multiple channels (Levy et al. 2004). A good understanding of cross-channel shoppers is critical for formulating cross-promotional strategies. Retailers typically follow one of four price-promotional strategies (Bolton and Shankar 2003) and respond more to their competitors' promotions (Shankar and Bolton 2004). Shoppers who purchase predominantly from one channel may be receptive to promotions from other channels. The Web, call center, and exclusive distribution channels act as complements, while independent distribution channels and exclusive distribution channels are substitutes (Shankar and Kushwaha 2010). Offering promotions through the right channels for the right shoppers improves the likelihood of influencing the shoppers at the right time in the shopping cycle. Technological developments allow for customized delivery of promotions across channels. Offering a coupon through the smartphone of a shopper for a cereal brand while the shopper is in the cereal aisle of a bricks-and-mortar store is another way in which firms can practice cross-channel promotions. Alternatively, Huang et al. (2011) show that in-store promotions targeted to shoppers based on their projected shopping path and delivered via mobile shopping app can increase path length and concomitantly increase unplanned spending by over 20 percent.

*Innovations in store atmospherics and design*

Changes in the economy, improved global connectivity of businesses and accessibility of products, and technological

[4] We do not address innovations in business formats or models, a detailed treatment of which can be found in Sorescu et al. (2011).

advances have prompted shoppers to look for more convenient and enjoyable ways of shopping than before. Retailers can therefore generate positive returns by creating an exciting shopping environment (Kaltcheva and Weitz 2006). Shoppers respond favorably to well-designed innovations in store atmospherics and design (Baker et al. 2002). The following are some promising areas for innovations in atmospherics and store design.

*Shopper-centric store layout and design*

How can retailers gear their stores more toward shoppers' needs and habits than before? In the offline channels, retailers typically segment the market and adopt different formats that cater to different segments. However, even within a store format, to address different sub-segments of shoppers, retailers may want to create stores within stores. For example, CVS has created a new store within store called Beauty 360 that sells a full range of beauty products with professionally trained sales associates to appeal to high-end shoppers (Boyle 2009).

*Online navigational path design*

Many shoppers make both brand and purchase channel choices based on the quality of their experiences online. Shoppers frequently use the Internet as a channel of search. They often visit the websites of manufacturers and retailers prior to making purchase decisions (Verhoef, Neslin, and Vroomen 2007). Online navigation is a strong driver of shopper trust (Bart, Shankar, Sultan, and Urban, 2005). When the economy is in the downswing, more shoppers look for affordable offerings on the Internet. Such shoppers trust those websites that are backed by intuitive and convenient paths to purchase. Therefore, innovations in online navigation are important in influencing the attitudes and behavior of shoppers.

*Customized sensory experiences*

Because sensory experiences influence shopping behavior (Mitchell, Kahn, and Knasko, 1995), marketers need to better understand how shoppers respond to different sensory cues at both traditional and online channels. Retailers can experiment with new ideas to enhance elements such as background music, colors, odor, and lighting. For example, a shopper solution display for the CoverGirl Wetslicks Fruit Spritzers product line drew shoppers to a set of multisensory shopper engagement elements about singer Rihanna: a "push and play" trigger to hear Rihanna's hit single, a scratch-and-sniff tear pad to experience the flavors associated with her lip gloss, and a sweepstakes entry for an opportunity to visit Barbados, Rihanna's home country (Neff 2008).

*Virtual shop testing*

Thanks to technology, another way in which retailers can analyze the effect of atmospherics and design elements is to conduct experiments in virtual stores. Manufacturers such as P&G, Kimberly Clark, ConAgra, PepsiCo and Goodyear, and retailers such as Eddie Bauer have tested store layouts and designs off and on over the past decade. Although no systematic insights are available as yet, the In-Store Marketing Institute predicts that virtual store testing will become a standard practice among manufacturers and retailers. As shoppers become more interconnected across the world through email and social media, good store design practices can be transported to multiple locations across the globe.

*Innovations in in-store merchandising*

Fluctuations in the economy and technological opportunities are changing the way shoppers approach shopping, particularly when they are inside a store. Shoppers tend to have mental budgets that they adjust while they are in the store (Stilley, Inman, and Wakefield, 2010a,b). Stilley, Inman, and Wakefield (2010a) find that shoppers have an "in-store slack" that they mentally set aside for making unplanned purchases and resist making unplanned purchases once this in-store slack is exhausted. Although a model of in-store decision-making exists (Inman and Winer 1998), there is plenty of room to improve in-store merchandising using technology, aisle placement, shelf space positioning, and displays. The key innovations are as follows.

*Technology utilization*

Retailers have growing opportunities to influence shopper decisions in store using technologies such as RFID, mobile technology, TV network, holograms, and virtual reality (e.g., Kalyanam, Lal, and Wolfram, 2008). To understand the usage situation and effectiveness of technologies, manufacturers and retailers may need to carry out experiments. For example, an augmented reality system developed at the Massachusetts Institute of Technology (MIT) media lab and named *SixthSense* offers shoppers the ability to read packages and make informed choices at the stores using only hand gestures (http://www.ted.com/talks/pattie_maes_demos_the_sixth_sense.html). Manufacturers and retailers can test such a system using pilot projects.

*Rationalization of in-store instruments/vehicles*

There is a glut of in-store promotional instruments or vehicles used in retail stores. These instruments range from shopping carts, to shelf-talkers, to in-store TV. It is unclear which of these vehicles are effective, to what extent, and under what conditions. Manufacturers are making decisions on the extent of allowances to provide to the retailers for each of these instruments. When marketing budgets are tightened in weak economic conditions, such decisions can be improved if holistic data on the separate and combined effectiveness of these instruments are collected and analyzed on a periodic basis.

*Aisle placements and shelf positions*

Innovations in aisle placements and shelf-space management are also important. Bezawada et al. (2009) show that by appropriately placing different categories in different aisles, retailers can improve overall sales. In particular, the effect of aisle adjacency is substantial (comparable to that of price, feature and display) and asymmetric across categories (Bezawada et al. 2009). Retailers can also make sound decisions on shelf facings based on insights generated from analysis of shoppers' in-store navigation (Chandon et al. 2009). Electronic tracking, eye-tracking, and shopping path recording are some of the ways in which detailed data on shopper navigational behavior can be collected. By undertaking controlled experiments, the effectiveness of different aisle placements and shelf positions can be better ascertained.

*Pay-for-performance displays*

In-store promotions such as display promotions can improve the probability of purchase of unplanned items at the store (Stilley, Inman, and Wakefield, 2010a,b). Displays continue to have a strong effect on shopper decisions in store. For retailers, a major challenge in managing displays is deciding which brand should get what type of display and at what cost. A system in which the manufacturer pays the retailer for displays based on the sales of the displayed products is potentially an effective innovation as it is fair to both the manufacturer and the retailer. However, there are challenges in measurement and implementation because attributing sales to displays is not a straightforward task.

### *Innovations in shopper marketing metrics*

As the economy undergoes transformation, technologies continue to improve, and appropriate regulations come into force, a critical issue confronting shopper marketing is the lack of generally accepted metrics. The traditional metrics of store traffic, conversion, and sales lift are insufficient and need to be augmented. For online shopping, the issue of browsing versus buying is important. Metrics such as visits, queries, click-throughs, and conversions need to be well connected. Possible candidates are metrics capturing attention and consideration (e.g., proximity to the target, dwell time, and brands touched), nature of the decision (e.g., planned vs. unplanned, frequent vs. infrequent, and hedonic vs. functional), and cross-effects (e.g., category adjacencies). Promising new methodologies include biometrics (e.g., heart rate monitoring, and ambulatory EEG), RFID-based path tracking, eye cams, handheld scanners, and infrared cameras. Powerful metrics alone are, however, insufficient. Just as gasoline and air are necessary inputs for an engine, metrics coupled with data comprise the fuel for analytics. The resulting insights must be disseminated and converted into application. Furthermore, standardized shopper marketing metrics are needed at different levels. At the highest level, a well-accepted dashboard for manufacturers and retailers is needed.

Manufacturers and retailers also desire breakdowns of planned and unplanned purchases. The current set of metrics does not satisfactorily address this issue, but with the availability of mobile devices, attempts could be made to track source and time of purchase. Furthermore, marketers constantly look for improving their understanding of store sales by different components. Standardized metrics on base sales and promotion sales across different categories would be helpful. Finally, how can a manager connect shopper marketing metrics to shareholder value? Although research exists on the effect of marketing actions on shareholder value, there is little knowledge about the effect of shopper marketing activities on firm value. There are opportunities for marketers to develop a model linking shopper marketing to firm value.

### *Innovations in shopper marketing organization*

Economic realities have forced the hands of many firms to adopt a lean and efficient marketing organization. In the past, marketing focused primarily on brand building and management, while sales focused on customer relations, mainly with major retailers. In response to the efficient consumer response (ECR) initiative in the 1980s, many sales organizations launched a category management function (e.g., Basuroy, Mantrala, and Walters 2001). Category management has proven useful in collaborating with retailers and offering retailer-specific insights, but the continuing wall in the relationship between marketing and sales has emerged as a serious constraint. For shopper marketing to be successful, these silos need to be integrated.

Firms are recognizing that marketing's job does not end at the retailer's door. For example, ConAgra recently combined four marketing functions (shopper insights, category leadership, shopper marketing, and in-store marketing) into a new organization called integrated customer marketing. According to Joan Chow, ConAgra's CMO, "You can't escape the fact that, as much as we do these great national marketing programs, customers want to know how you are going to activate shoppers within their stores. What we do has to fit with their brand experience, what they are trying to create within their formats, and also their shopper segments. If we have a new product launch, we make sure that our shopper teams are part of the entire launch discussion. So, shopper marketing is a crucial part of our marketing strategy. It's a group that we continue to invest in and grow" (Hub Magazine 2009).

Another possible organizational structure is to have shopper marketing be the lead department that presides over sales, shopper insights, promotions and merchandising departments. The idea is that shopper marketing could be the critical link between the responsibilities of brand management and sales departments. While a brand manager focuses on profit and loss (P&L) and a sales manager concentrates on revenues, a shopper marketing manager may be the most appropriate person to be responsible for considering both revenues and profits.

One issue constraining the development of shopper marketing as a strategic capability in the organization is the difficulty of generating insights that can be converted into actionable initiatives. This constraint is an opportunity for firms that successfully find ways to resolve this problem. For example, many manufacturers regularly conduct "shop-alongs," a qualitative technique wherein the researcher accompanies a shopper during her trip and the shopper gives a running commentary about her preferences, decision process, and her opinions about products and the retailer. While this approach reveals useful information, it is difficult to generalize the findings due to the small number of observations and the method's intrusiveness. However, it is useful as an initial ideation tool.

### *Innovations in manufacturer–retailer collaboration*

The term "win–win" has been used to describe initiatives that benefit both manufacturers and retailers. In the world of shopper marketing, successful programs must produce "win–win–win" outcomes, with shoppers also benefitting from the initiative. In particular, in tight economic situations, unless the shopper wins, the initiative will not be sustainable (Shankar 2011). Further, the programs must be customized to the retailer's shopper base. The days of cookie cutter programs are a thing of the past. Companies like Kraft and P&G have shopper insights personnel assigned to specific retailers. They are able to conduct shop-alongs, analyze the retailer's FSP (frequent shopper program) data and propose insights for that particular retailer.

Shopper marketing requires extensive investments, and may become a source of competitive advantage for the largest manufacturers. How can small companies compete with deep-pocketed behemoths like P&G, Unilever, Nestle, and Kraft? One way is through the formation of a consortium of non-competing firms dedicated to the generation of generalizable shopper insights. Alternatively, these companies can support shopper marketing research at the Marketing Science Institute (MSI) or industry organizations like Point of Purchase Advertising Institute (POPAI), Food Marketing Institute (FMI), or Grocery Manufacturers Association (GMA).

While companies like Kraft allow ifood users to find the closest retailer and then display coupons and promotions for that retailer, there remains considerable opportunity for manufacturers and retailers to collaborate to create value for shoppers. For example, many retailers have frequent shopper programs (FSPs). Some retailers allow their FSP shoppers to access their recent shopping data and create a shopping list. But why cannot the shopper search her purchases to identify the UPCs that are the greatest source of fat or fiber? Or identify the UPCs that create the greatest dent in her shopping budget? It is easy to imagine a day in the near future when manufacturers allow retailers to access the nutritional breakdown of each SKU and use this to empower shoppers – perhaps even in-store with digital media. This "Star Trek" nature of shopper marketing offers an opportunity for forward-thinking manufacturers to create a sustainable competitive advantage for themselves by moving first.

The growing interconnectedness of countries also allows for successful changes in the manufacturer–retailer relationship to be shared across nations. More retailers are becoming international, so manufacturers who have international presence can cement their collaborative relationships with retailers who are present in multiple countries.

## Managerial challenges

The managerial challenges impeding progress in shopper marketing innovations are many (Gallagher 2008). The future of shopper marketing and related innovations depends critically on overcoming these challenges. Below we discuss some of the key challenges at three levels: (1) manufacturer–retailer collaboration; (2) manufacturer organization and management; and (3) retailer organization and management.

### *Closing the collaboration gap between manufacturers and retailers*

Shopper marketing is inherently a joint effort of retailers and manufacturers. Collaboration among retailers and manufacturers is critical to the success of shopper marketing. Manufacturers cannot fully understand shoppers' needs without retailers' cooperation and willingness to share detailed data to create customized insights and provide sufficient access to their shoppers. Conversely, retailers cannot benefit from manufacturers' shopper marketing resources, insights, and programs unless retailers work fairly with their partners and devote attention to manufacturers' brands. However, despite the enthusiastic reception and endorsement of shopper marketing by key retailers and manufacturers, the outlook on retailer–manufacturer collaboration is murky (Abens 2009). The key barriers to collaboration in shopper marketing include: (i) misaligned primary objectives and planning; (ii) differing key performance indicators (KPIs) and incentives; (iii) lack of strategic alignment; and (iv) poor pre-existing relationships and lack of trust.

#### *Misaligned primary objectives and planning*

Annual surveys on "Managing and Measuring Shopper Marketing" by Promotion Marketing Association (PMA) Shopper Marketing Center of Excellence with Nielsen Business Media (2008, 2009) reveal the extent of misalignment between the objectives of manufacturers and retailers. The PMA surveyed 318 retailers, manufacturers and agencies. Although sales growth is the top stated objective for retailers as well as manufacturers, these entities are not aligned on other key objectives. Specifically, retailers' number two priority for shopper marketing is strengthening shopper relationships. In contrast, manufacturers are focused more on enhancing brand equity and strengthening relationships with the retailers. That is, manufacturers focus on producing shopper insights and marketing programs that are persuasive to retailers, whereas retailers want shopper insights and programs that delight their shoppers. Moreover, unsurprisingly, retailers tend to focus on increasing store sales and profits while manufacturers stress their brands' sales. In addition, one-third of the retailers in the survey stated that their planning cycles do not coincide with those of their vendors. As a consequence, only 40 percent of retailers in the survey were satisfied with manufacturer support for their shopper marketing efforts while the corresponding figure for manufacturers is even lower (32 percent).

#### *Differences in key performance indicators (KPI) and incentives*

Different objectives generally lead to the use of different metrics, and shopper marketing is no exception. The PMA surveys reveal that neither the retailer nor the manufacturer significantly focuses on the other's KPIs. Only one-third of retailers and manufacturers report that they agree on the metrics for evaluating programs "most of the time," nearly two-thirds of manufacturers say that they only "occasionally" or "never" reach agreement with retailers on how to measure programs, and no retailers agree regularly with their vendors. The lack of interest and respect for each other's KPIs prevent effective collaboration. For example, in the study, less than 4 percent of manufacturers rank retailer profit as a key KPI although that is the retailer's Number 1 KPI! Conversely, none of the retailers surveyed seem to care about manufacturer profit. The key retailer metric is incremental profit whereas the key manufacturer metric is incremental unit sales, reflecting the traditional differences.

*Lack of strategic alignment*

Retailers and manufacturers also typically do not see eye-to-eye on the foundations of shopper marketing components such as shopper segmentation. The PMA surveys reveal that the majority of retailers feel that manufacturers are aware but are not well versed in their views of consumer segments. Similarly, the majority of manufacturers admit that they do not consistently build their programs around their retailers' segmentation. These differences have led to considerable dissatisfaction with the quality of shopper insights delivered by shopper marketing programs and disagreement on who is responsible for improvements. Interestingly, retailers' segmentations are typically shopper-based, while manufacturers' segmentation strategies are user-based. Manufacturers who truly seek to adopt a shopper marketing focus will have to adapt their segmentation strategies in order to be successful in the realm of shopper marketing.

More specifically, while manufacturers as well as retailers say that it is primarily the manufacturers' responsibility to bring shopper insights to the planning table, a good proportion of manufacturers want to see more shopper insights coming from retailers. Either way, the lack of alignment across retailers and manufacturers as to the appropriate shopper segmentation models is proving to be a major hurdle. Becoming knowledgeable and insightful with respect to each retailer's own segmentation model and segments calls for manufacturers to collect shopper data separately for each retailer, to invest significant time and money, and to make tough decisions with respect to the allocation of shopper insight generation resources to each account. In some cases, the data do not exist to probe the insights at the level the retailer desires.

Moreover, manufacturers are facing brand marketing budget cuts due to the economic downturn and increased shopper price sensitivity. Some manufacturers have resorted to excessive discounting to narrow the price gap between their brands and private labels and regain market share. Price discounting helps manufacturers recover some of the market share losses in the short term, but results in long-term loss of brand equity and profit margins (Pauwels, Hanssens, and Siddarth 2002). However, rather than getting carried away by price promotions, some retailers focus on products that offer good solutions to their shopper needs at the price they are willing to pay. These retailers count on shopper marketing to differentiate on non-price attributes.

*Poor pre-existing relationships and lack of trust*

Trust between the manufacturer and the retailer is critical to designing and implementing innovative shopper marketing initiatives. Nowhere is this more manifest than in the retailers' development of private labels in response to the emergence of the "New Normal" shoppers in the economic downturn. To improve gains from shopper marketing programs, manufacturers need to work with retailers in an atmosphere of mutual trust.

*Surmounting limitations in manufacturer organization and management*

For many manufacturers, a key obstacle to effective shopper marketing is their organizational mindset of traditional brand management, category management, and trade promotion management. Shifting to a new shopper marketing mindset that is cross-category and retailer-specific requires discarding old and learning new habits. They must overcome hurdles from legacy systems, unenlightened partners, and misaligned incentives. In many cases, the required progression calls for a cultural realignment across the organization that will take time and real-world experience. Specifically, two key "pain areas" are alignment of shopper marketing with traditional marketing activities and marketing-sales coordination.

To successfully perform holistic 360-degree marketing, companies should include shopper marketing in the overall spectrum of marketing activities. However, the PMA and other surveys confirm that shopper marketing activities are not well coordinated with traditional marketing programs largely due to differences in approaches. Traditional marketing uses one calendar, one plan, and one segmentation approach, whereas shopper marketing utilizes many account calendars, plans, and segmentation models used by different retailers. Therefore, firms are finding it difficult to coordinate the timing of traditional marketing programs with shopper marketing programs. It is also important to integrate shopper marketing and trade promotion activities as both activities affect shoppers in store. Marketing and sales should be aligned with trade promotion's purpose, plans and tactics. However, blending trade promotion with other in-store marketing activities and aligning strategy and tactics can be a painful process.

Furthermore, to be effective in shopper marketing planning and execution, an unprecedented amount of collaboration between manufacturers' own marketing and sales teams is required. Building shopper marketing capabilities will require a significant transformation of the status quo in marketing and sales organizations. In many organizations, the sales department owns the trade marketing function, which oversees trade promotion budgets and controls what happens in store. They typically do not seek input from marketing. Traditionally, manufacturers' marketing managers have been using such metrics as frequency, reach, impressions, and gross rating points (GRP) to measure their national programs. The standard metrics for the sales department are revenues, volume, distribution, return on investment (ROI), and incremental sales generated by trade promotions. Today, since shopper marketing involves both organizations, there is little clarity on how to measure the effectiveness of in-store marketing programs. An industry wide initiative toward establishing common metrics to measure impressions – the P.R.I.S.M. initiative – has stalled due to lack of effective cooperation from key retailers and unclear incremental benefit versus costs. As already noted, most companies primarily use sales-related metrics to measure shopper marketing performance. Despite the flurry of new resources, new techniques, and new pilots, few organizations can articulate how they calculate the impact of their shopper marketing efforts, or identify which programs, partners, or tactics are most successful.

*Inadequate analytical skill sets*

In addition to internal organization coordination problems, many manufacturers are simply not as facile with customer business issues and have fewer comparable benchmarks to help them understand what to expect as the practice grows. Generating valuable shopper insights is not as easy as it sounds. Due to the increased granularity of shopper data, which can be available by shopper segment, by shopping occasion, by region, and by store cluster, it is a complex task to structure and analyze such data. The number of permutations can be overwhelming. Considerable investments are needed to adequately train sales-marketing teams in shopper marketing.

*Limitations in funding and resource allocation*

Shopper marketing does not typically have an established and dedicated funding structure, making this a significant barrier to its successful practice. In some firms, shopper marketing reports to sales but is funded by marketing. In some emerging organizations, funds come from both marketing and sales. Since the funding structure is not clearly defined, shopper marketing typically has to raise additional funds or serve multiple masters.

*Integration of in-store and out-of-store marketing activities*

In most companies, shopper marketing is a separate department, limiting the companies' ability to coordinate in-store and out-of-store marketing activities and hence their effectiveness. Indeed, most consumer packaged goods manufacturers are yet to align their advertising and promotions with shopper marketing activities (GMA 2010).

*Overcoming limitations in retailer organization and management*

Retailers too face a number of hurdles in moving toward an effective shopper marketing organization. First, to make shopper marketing truly work, more retailers need to overcome a bias toward taking sole responsibility for in-store marketing activities. Many retailers need to give at least a select group of manufacturers a seat at the shopper marketing table and work with them.

Second, some retailers use shopper marketing primarily as a way to extract revenues from manufacturers by "selling real estate" in their stores and do not invest adequately to improve shoppers' experience. They need to think beyond this narrow viewpoint and collaborate with manufacturers to create mutually beneficial shopper marketing programs.

Third, retailers need to identify, assemble, and build the right group of personnel for shopper marketing. The shopper marketing team should involve sales, merchandising, and traditional marketing departments.

Fourth, retailers need to change focus from the category to the shopper. Given that several retailers have already invested in category management programs, there would be high inertia for the switch in focus.

Finally, for shopper marketing to be effective, retailers may want to be more willing to share data with at least some manufacturers so that shopper marketing programs can be designed based on complete data. From retailers such as Walmart, a manufacturer can obtain only the data on own brands. For shopper marketing programs to be more effective, retailers should selectively share data with manufacturers.

*Addressing shopper welfare and concerns*

How do shopper marketing innovations affect shopper welfare? On the one hand, shopper marketing, done correctly, can improve shopper welfare because it is aimed at satisfying the shopper's needs and uses insights about the shopper to better design communication and programs and enhance shopper experience along the shopping cycle. For example, in the case of Sam's Club, by offering discounts to member shoppers in their favorite product categories, its eValues program potentially increases shopper surplus.

On the other hand, shopper marketing programs can also distract goal-oriented shoppers and influence them to take suboptimal paths along the shopping cycle that lead to purchases of unintended items on impulse. For example, knowing the location of a shopper, a candy manufacturer can display an irresistible product offer on the shopper's mobile device, inducing the shopper to buy candies from the nearest store (Huang et al. 2011).

Privacy is an important issue as well. Innovations in shopper marketing programs can affect shopper concerns of privacy and security if they raise questions about how data on shoppers and their behavior are collected and used. Manufacturers and retailers have to follow strict privacy protection policies with regard to data collected online and offline. Furthermore, with the 360 degree view of shopper sought by shopper marketing innovations, security of identity and financial information is also critically important to shoppers. Shoppers are wary of providing sensitive information to manufacturers, retailers, and third parties, and unless they trust these entities and realize the full benefits of providing their information, they can spurn shopper marketing innovations. Successful innovations in shopper marketing will need to surmount these concerns.

## Future scenarios and research avenues

As innovations continue to unfold in shopper marketing, we foresee important environmental developments, speculate on changes to shopper marketing practices, and note fruitful opportunities for research.

*Anticipated changes in environment*

As shoppers continue to look for solutions, we anticipate that retailers will become more solution-minded and more focused on shopper needs than category needs. Although solution-selling may be new to many retailers of consumer packaged goods, they have been successfully used by apparel retailers, who have merchandized complete outfit solutions while providing destination areas for wardrobe staple products such as black pants and white shirts within the same store. Although many grocery retailers have been offering meal solutions, they have been doing it in a rather ad hoc way. New technologies and analytics offer the potential for optimizing retailers' ability to offer their shoppers solutions in a systematic manner.

Power will likely continue shifting from the manufacturer to the retailer. Amid such a trend, manufacturers may respond in many ways. Manufacturers will connect directly with their consumers through out-of-store activities such as social media, online, and event marketing. However, measuring the ROI of such activities will continue to pose challenges, so appropriate allocation of marketing funds will remain a major issue. Because mobile media, virtual online stores, and other direct sales channels allow monitoring of shopper interactions, they are also gaining greater marketing resources.

Another expected trend is cross-manufacturer collaboration. Whereas the traditional cross-category programs were centered around a single manufacturer's portfolio of products, there is an emerging trend of separate vendors (in non-competing categories) banding together and supplementing each others' portfolios in order to bring about a more compelling campaign that retailers find harder to refuse.

*Expected changes in shopper marketing practices*

The anticipated changes in the retail environment will produce a mind-shift among marketers. The focus of shopper marketing will increasingly move from improving the in-store experience to enhancing the entire shopping experience. Shopper marketing programs will be more deeply rooted in a solid understanding of the individual in shopping mode.

Marketers will become increasingly focused on why they are investing in – and what they expect from – shopper marketing. They will be looking to shopper marketing to offer a planning-driven competitive advantage. They see it as a disciplined specialty in which they are acquiring a rich understanding of the entire shopper decision process. More marketers will understand the power of shopper marketing as it extends from the shelf to the shopping list to the consideration phase. Fewer marketers will see it solely as an in-store discipline.

Although investments in in-store advertising, promotion and design are estimated to grow at 21 percent annually (hardknoxlife.com), manufacturers and retailers are still evolving from focusing on in-store to focusing on all stages in the shopping cycle. Better yet, the most innovative manufacturers and retailers see shopper marketing as holistic program development that includes all varieties of marketing stimuli that build brand equity. There is a need to close the sale at every touch point. In addition to other forms of engagement, new considerations will be given to online search intention, mobile marketing, social networking, and new media.

Manufacturers and retailers alike are continually looking for ways to pre-condition behavior in channels and touch points that were previously "awareness-driven." However, in an effort to be more focused on instigating behavior change at every touch point, marketers should be wary that the pendulum does not swing too far. Brands and retailers need to remember the importance of building relationships with their shoppers. Messages earlier in the path to purchase that previously focused on awareness and "get-to-know me" stages, could find the message of "buy me now" encroaching too early into the shopping cycle, resulting in a backlash. Therefore it is important to truly understand the unique frame of mind of the shopper at that particular window in time, and what specific behavior, moves them further along the shopping cycle.

Retailers will likely think "beyond the box" and develop new programs. Some retailers may view their stores as advertising space for sale. As retailers are pressured to compete on price, such retail space advertising may offer an additional revenue stream. Retailers will continue to rely less on manufacturer promotional calendars, making it difficult for manufacturers to propose relevant holistic programs. Thus, manufacturers may have to follow retailer's programs and provide incremental funding for proprietary retailer media to support their brands. Thus, manufacturers may have to work harder to protect both brand positioning and shelf space allocation.

*Unanswered/underexplored questions*

Although innovations in shopper marketing can be analyzed using our framework, there is a dearth of research on the direct connections among the drivers, shopper marketing behavior, and innovations in shopper marketing, and on the moderating and interactive effects involving shopper characteristics. Some of the relationships are worth testing through empirical and experimental research. The directions and relative sizes of the effects in these relationships need to be investigated more intensively in future research.

In the past, the sales department made trade promotion decisions primarily based on sales volume lift when promotions were offered. Today, the shopper marketing department is making such decisions based on shopper insights in addition to sales data. Shopper marketing teams of the future will increasingly incorporate qualitative consumer insights in addition to quantitative insights. This new approach will enable the marketing and sales departments to rapidly assimilate shopper insights and trends and make better and timelier decisions.

Yet, measuring the impact of shopper marketing and identifying which programs are effective is still difficult. In short, the model of how shopper marketing works is still a black box. Organizations need to move toward observing shopper behavior at all action points along the path to purchase. This need calls for effective ways to study shoppers in their "natural habitats" compared to florescent-lit "lab" environments. That is, more field studies are needed to supplement lab studies and validate the results from the lab studies. There are tremendous opportunities to increase performance by answering questions such as: (1) How can new insights be generated through non-traditional discoveries during the shopping cycle? (2) How do rational information, emotional drivers, life circumstances, financial factors, and environment, intersect to explain shopper behavior across the shopping cycle? (3) How can we collect the right data and link them to deep insights and shopper marketing actions? (4) How can shopper segmentation be improved and the results be better interpreted and utilized? (5) How should manufacturers and retailers allocate their shopper marketing funds for different out-of-store and in-store marketing activities? (6) In what innovative ways can the incentives of the shoppers, retailers, and manufacturers be better aligned to create a win–win–win situation? (7) In what new ways can retailers use multiple channels and touch points to influence shopper decisions throughout the shopping cycle?

An avenue for generating insights through unconventional methods is to adopt systems that observe and track shoppers as they shop. Firms can create shopper panels and track their behavior online and offline to understand how they behave in and out of the store. For example, shopper search patterns can be analyzed using natural language processing systems from linguistics. Any unusual patterns could be identified for appropriate actions in the shopping cycle. Ethnography, netnography, linguistics, and eye-tracking experiments might offer useful approaches.

Addressing the interactive effects of rational, emotional, and environmental drivers on shopping is challenging because of measurement and analytical hurdles. To improve their decisions, retailers and manufacturers need to better understand shopping behavior along the shopping cycle. Because shopper marketing is still in the early stages of practice, marketers may need to run controlled experiments involving different drivers to learn more about shopper behavior. Using controlled field experiments, they can estimate the interaction effects of individual characteristics and rational and emotional drivers on shopping behavior.

To tackle the connectivity of data to shopping and shopper marketing actions, both transactional and attitudinal data need to be collected at different stages in the shopping cycle. For example, during the search stage, data capturing shopper actions in different media and response to different marketing stimuli would be useful for analysis.

With regard to improving segmentation practice, current segmentation schemes are based on either attitudinal or behavioral data about consumer preferences or choices. To improve segmentation of shoppers, additional bases of segmentation such as channel-based (e.g., catalog, Web, and store, Kushwaha and Shankar 2007), retail format-based (Luchs, Inman, and Shankar 2011), media-based (Web, traditional print, and mobile, Naik and Peters 2009), or shopping mode-based (e.g., search, browse, and purchase) could be explored.

To address the allocation across in-store and out-of-store activities, we need studies that directly measure and test the relative effects of in-store and out-of-store marketing activities on shopper attitude and behavior. Analysis of survey and transactional data and laboratory and field experiments could be used to assess these effects in the same framework.

Alignment of incentives of the manufacturer, the retailer, and the shopper poses a formidable challenge but can be addressed through experimental initiatives on the part of the manufacturer and the retailer. Manufacturers can work with selected retailers to develop shopper marketing programs that are designed to offer enhanced benefits such as convenience, quality, and service for the items desired by the shopper and to price them in a way that is adequately profitable for both manufacturers and retailers in the channel. Based on the results of such programs, they can develop improved collaborative shopper marketing programs.

With the increasing availability of data on multiple channels and touch points, researchers can better study their effects on shopper behavior. Although the roles of these channels in the purchase stage of the shopping cycle have been studied, their roles in non-purchase stages such as search and post-purchase are largely unknown. By tracking shopper attitudes and behavior in response to stimuli in different channels and touch points, researchers can analyze the effects of channels and touch points on different shopping cycle stages. Theories such as transaction cost, relationship management, social exchange, ambidexterity and regulatory mode theories may help set up interesting research hypotheses. These hypotheses could be tested through analyses of primary, secondary, and experimental data.

## Conclusion

Shopper marketing – marketing activities that influence a shopper along the shopping cycle – aims at enabling a win–win–win solution for the shopper–retailer–manufacturer. Shopper marketing has emerged as a key managerial practice among manufacturers and retailers, who are eagerly embracing innovations in the different aspects of shopper marketing.

Significant changes in technology, economy, regulation and globalization are shaping shopper behavior and innovations in the shopper marketing practices of manufacturers and retailers. Emerging innovations in shopper marketing include those on digital marketing activities, multichannel marketing, store atmospherics and design, in-store merchandising, metrics, and organization. Closing the manufacturer–retailer collaboration gap, overcoming management limitations, and addressing shopper welfare and concerns are the key managerial challenges to achieving a manufacturer–retailer–shopper win–win–win solution. Based on plausible future scenarios and our speculation of changes in the environment and shopper marketing practices, seven major underexplored research issues related to shopping cycle include: new insight generation through non-traditional discoveries, the interaction effects of rational, emotional drivers, individual and environmental factors on shopper behavior, the collection and linking of data to insights and shopper marketing actions, the allocation of shopper marketing budget for different out-of-store and in-store marketing activities, the alignment of incentives of the shoppers, retailers and manufacturers, and the use of multiple channels to influence shopper decisions. Our suggested approaches to address these questions hold promise to spur further research in shopper marketing innovations.

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