



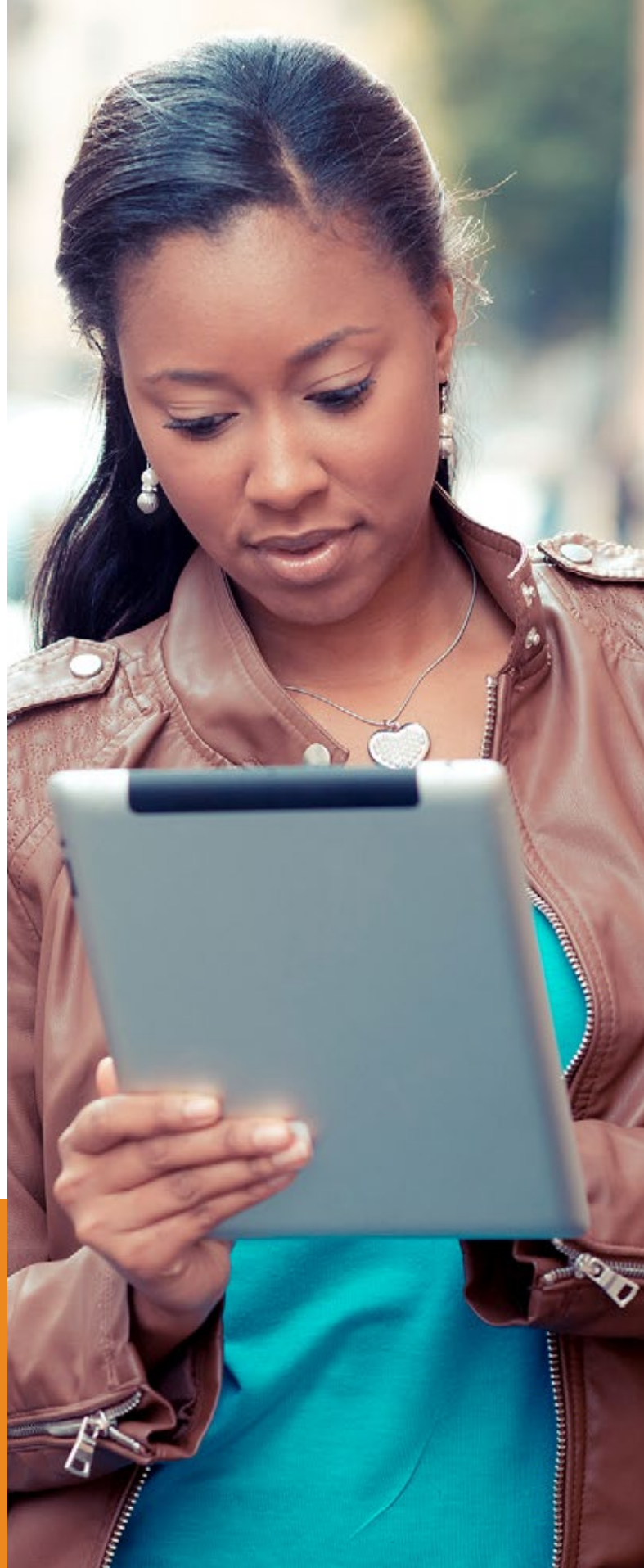
# Marketing Trends in the **Retail Sector**

Understanding how to navigate the disruptive retail space  
with individualized insights that empower your brand

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## Table of Contents

- 3 Trends in Retail Marketing
- 4 The Trend is Toward Marketing Automation
- 5 Customers Are More Empowered than Ever
- 6 Integrating Mobile in Your Plans
- 7 Responsive Design, Usability and Mobile Push
- 8 Introducing Individualized Marketing
- 9 Other Key Trends - All Connected to Mobile
- 10 Conclusion





# Trends in Retail Marketing



Retail is one of the most competitive sectors in terms of mindshare, so retailers have always had to innovate to improve the customer experience and boost their revenues. Today, with the prevalence of online communications, email, apps, push messaging, and social networks, the retail industry is undergoing profound changes that demand even greater innovation from retailers.

Customers entering a brick-and-mortar store **expect an all-encompassing experience from awareness to purchase**. They are often supported by sales assistants in the store and compare prices between retailers, eventually buying a product from one. Today, more channels influence the decision process, there is more transparency, the brick-and-mortar store is just one of many channels for interaction and presentation of products, the overall experience is much more complex to fulfill.

The explosion of social networking and digital channels has significantly changed purchasing behaviors. Now, customers increasingly conduct research and read reviews online before visiting a physical store. Various price-comparison services may also help to identify an online site offering a better price for the same product. In many cases, free shipping and free returns offered by online competitive sites add to the pressure for brick-and-mortar stores.

“Consumers are now constantly connected to the internet. This always-on shopper is now expecting to be able to engage, interact, and shop anytime, anywhere.”

– **Darryl McDonald**, VP Marketing Applications  
R&D and Product Management

## New Opportunities for Retail

As digital technology continues to develop, retailers must match their marketing communications to the changing needs of customers. The phenomenal popularity of smart mobile devices is a good example of the new opportunities that retailers can tap into. Marketers in the retail sector have access to a tremendous amount of customer information. They can track purchase behavior, as well as identify customers through loyalty programs and on e-commerce platforms.

Data-driven marketing uses this information to identify individualized insights across different channels and implement more efficient marketing campaigns that will increase conversion rates and sales. Data-driven marketing also helps retail marketers to streamline operations, reduce costs, and target investments to where they will generate the greatest rewards. **Cloud-based solutions that offer data-driven marketing as a service provide additional flexibility**, as well as ongoing access to the latest updates and innovations in an extremely cost-effective, on-demand format.

Retailers all over the world are using data-driven marketing to great effect, building closer customer relationships and capturing new business. Future developments in digital marketing will continue to drive change in the retail industry as companies deploy more, highly integrated data-driven campaigns.

# The Trend is Toward Marketing Automation

## Welcome to the Age of Disruption

Retail marketers are all vying to gain the top spot in terms of mindshare in their respective industries. In the age of disruption, it's never been more critical for marketers to get it right—because only one bad brand experience will have would-be return customers turning away and finding someone else who listens to them.

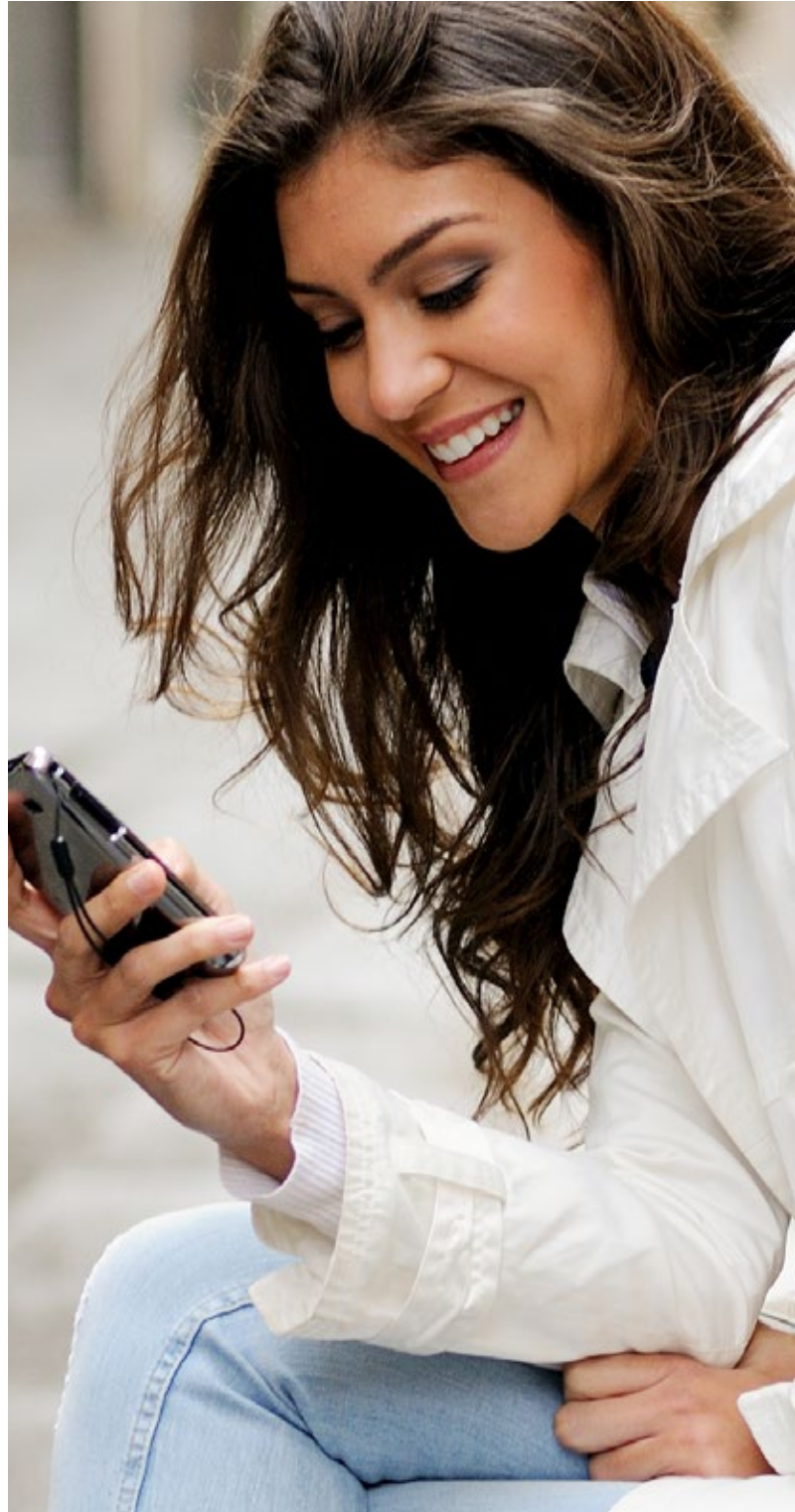
Retailers have always had to innovate to improve the customer experience and boost their revenues. Today, with the prevalence of online communications, email, apps, push messaging, and social networks, **the retail industry is undergoing profound changes** that demand even greater innovation from retailers.

The trend is toward using a data-driven marketing strategy to power your brand with individualized insights that cut through the disruptive marketplace, and reach customers. The only way to achieve this is by employing an automated, data-driven solution.



According to the 2015 Teradata Data-Driven Marketing Survey, data-driven marketing is either embedded or strategic for 78% of marketers. Data-driven marketing that enables the use of individualized insights is the way of the future.

Let's discuss what this means for retail marketers.



## Customers Are More Empowered than Ever

In 2013, smartphones outsold conventional feature phones globally for the first time. People now have abundant information at their fingertips and they are using it while shopping. As people spend more time online, e-commerce continues to show strong growth and is predicted to do so for years to come. In 2012, the global e-commerce market stood at \$1,058 billion. In 2017 that figure is predicted to have grown to almost \$2,400 billion<sup>1</sup>.

So it's little surprise that online retailing has been growing at an average of more than 18 percent per year globally since 2010, compared with sales growth through other channels at just 1.3 percent per annum. Online sales now account for 4.0 percent of retail's total, up from 2.2 percent back in 2007.<sup>2</sup> Non-store retail is predicted to account for 12 percent of the overall US retail marketplace for non-automotive goods by 2020.<sup>3</sup>

However, physical stores are in terminal decline. One of the fastest growing areas is click-and-collect, in which orders placed online can be collected by the customers at convenient times and locations. The future retail reality involves physical stores as an integral part of the sales process alongside a powerful digital presence, a model that has been dubbed 'clicks-and-mortar'. Retailers are increasingly working towards a seamless customer experience, for example by using the online store to display information about a product's availability in a physical store. The phenomenon is global, with the UK currently the most developed online market, followed by the US, Germany, France, the Netherlands, South Korea, Japan, Switzerland, and the Nordic markets. By 2020, online sales in China could reach \$650 billion, matching the combined size of today's French, German, Japanese, UK, and US markets.<sup>4</sup>

- 61 percent of shoppers in stores believe they have access to more information about products than store associates<sup>5</sup>
- Nearly two in five online consumers in the US follow retailers on one or more social-networking sites<sup>6</sup>
- 41 percent of consumers actively use mobile apps while in stores<sup>7</sup>
- 43 percent of US adults have participated in showrooming<sup>8</sup>
- 65 percent of US shoppers research products and services on a PC and make a purchase in-store<sup>9</sup>
- 34 percent of customers have made a purchase using their mobile phone compared to 19 percent in 2011<sup>10</sup>
- 71 percent of customers expect to view in-store inventory online, and 50 percent expect the ability to buy online and pick-up in-store<sup>11</sup>
- By the end of 2015, 50 percent of information on new customers will be based on social network identities. In 2012 it was less than 5 percent<sup>12</sup>

<sup>1</sup> <http://www.emarketer.com/Article/Global-B2C-Ecommerce-Sales-Hit-15-Trillion-This-Year-Driven-by-Growth-Emerging-Markets/1010575>

<sup>2</sup> Global Perspective on Retail: Online Retailing, Cushman & Wakefield Research, July 2013

<sup>3</sup> Kantar Retail's Global Database. [http://uk.kantar.com/media/106221/retailing\\_2020\\_kantar\\_retail.pdf](http://uk.kantar.com/media/106221/retailing_2020_kantar_retail.pdf)

<sup>4</sup> China's e-tail revolution: Online shopping as a catalyst for growth. McKinsey & Company, March 2013

<sup>5</sup> <https://www.zebra.com/content/dam/zebra/white-papers/en-us/motorolawhitepaper-zc-en-us.pdf>

<sup>6</sup> [http://allfacebook.com/comscore-pinterest-retailers\\_b91050](http://allfacebook.com/comscore-pinterest-retailers_b91050)

<sup>7</sup> <http://www.fierceretail.com/mobileretail/story/41-shoppers-actively-use-mobileapps-stores/2014-07-01>

<sup>8</sup> <http://www.internetretailer.com/2012/12/10/43-us-adults-participateshowrooming>

<sup>9</sup> <http://digby.com/mobile-statistics/>

<sup>10</sup> <http://www.forbes.com/sites/jeremybogaisky/2014/02/12/retail-in-crisis-theseare-the-changes-brick-and-mortar-stores-must-make/>

<sup>11</sup> <http://www.gartner.com/newsroom/id/2326015>

<sup>12</sup> <http://wallblog.co.uk/2013/10/14/the-end-of-pure-play-retail>



# Integrating Mobile in Your Plans

It is not a question of if marketers should make mobile the center of their data-driven strategy—it's a question of when and how. According to the Teradata Data-Driven Marketing Survey, 58% of marketers consider mobile apps the most important means by which they communicate with customers (eclipsed only by “website” – which is accessible and should be optimized for mobile use).

With the influx of mobile users and technology, it's become clear that customers will search for and will find the best deal.

Customers entering a brick-and-mortar store expect a superbly well-crafted and individualized experience from the awareness stage all the way to purchase. They are often supported by sales assistants in the store and compare prices between retailers, eventually buying a product from one. This process of “showrooming” is an increasingly popular practice—some 96 percent of mobile owners showroom, according to one Teradata [study](#). More than 50% of customers research online prices using a smartphone while in a store. 1 in 3 who research prices leave and purchase from a competitor.



## Responsive Design, Usability and Mobile Push

The steady rise in the popularity of mobile devices means that customers are constantly on-the-go. Roughly one third of emails are opened via a mobile device, so this tells us something about how our marketing must adapt. While desktop remains the primary medium for email, **outbound marketing has to be tailored to be responsively designed for customers on their phones**. This is especially true in retail, where presentation is everything, and product appeal and aesthetic value extends beyond the product itself – in the digital age, presentation means a clean look across every touch point.

Customers who encounter technical, usability, or user interface issues have no incentive to continue engaging with one brand when they can just as easily find what they need with another. Templates must be designed for various screen sizes including desktops, phones and even smart watches. If a user has to jump through hoops just to consume content – like scrolling furiously to be able to read text, zooming in to click buttons, or not being able to see or download images – they will not hesitate to abandon one brand in lieu of another.



The most effective way to improve the mobile messaging experience for customers is responsive design. Applied correctly, this will adapt the layout, presentation, and **functionality of content to the viewing device**. Responsive design comprises three main components:

- CSS media queries, which control the fluid design of your message
- Fluid media to control what is shown, such as images and buttons
- Fluid grids, whereby the email layout changes and columns drop at designated break points so the layout always fits the screen size

Unfortunately, about 70% of people who download an app delete it or stop using it within 30 days. In many instances, this is because they simply forgot they had installed the app on their phone. Mobile push is a powerful way for you to get people using your apps more often, increasing app engagement, reengaging dormant users, and driving up revenues through more in-app purchases, for example. The key is to **create messages that map to the customer lifecycle**. By identifying the stages that app users go through to become an engaged user, from the install all the way through to potential reasons for abandoning the app, messages can be tailored to effectively move users through each stage.

### CASE STUDY

#### Perfume Chain Smells Success at the Point of Sale

In an initiative to generate new leads, a German perfume chain worked with Teradata to introduce an easy way for customers to use their mobile devices at the Point of Sale (POS) to sign up for the retailer's newsletter. The aim was to take advantage of customers' higher attention at the POS to encourage them to subscribe by sending

a simple mobile text message. An automated welcome message confirms the subscription and acts as a means to obtain the customer's marketing opt-in permission. The campaign proved to be effective at bridging the gap between the POS and digital marketing, achieving significantly improved sign-up rates for the newsletter.

## Introducing Individualized Marketing

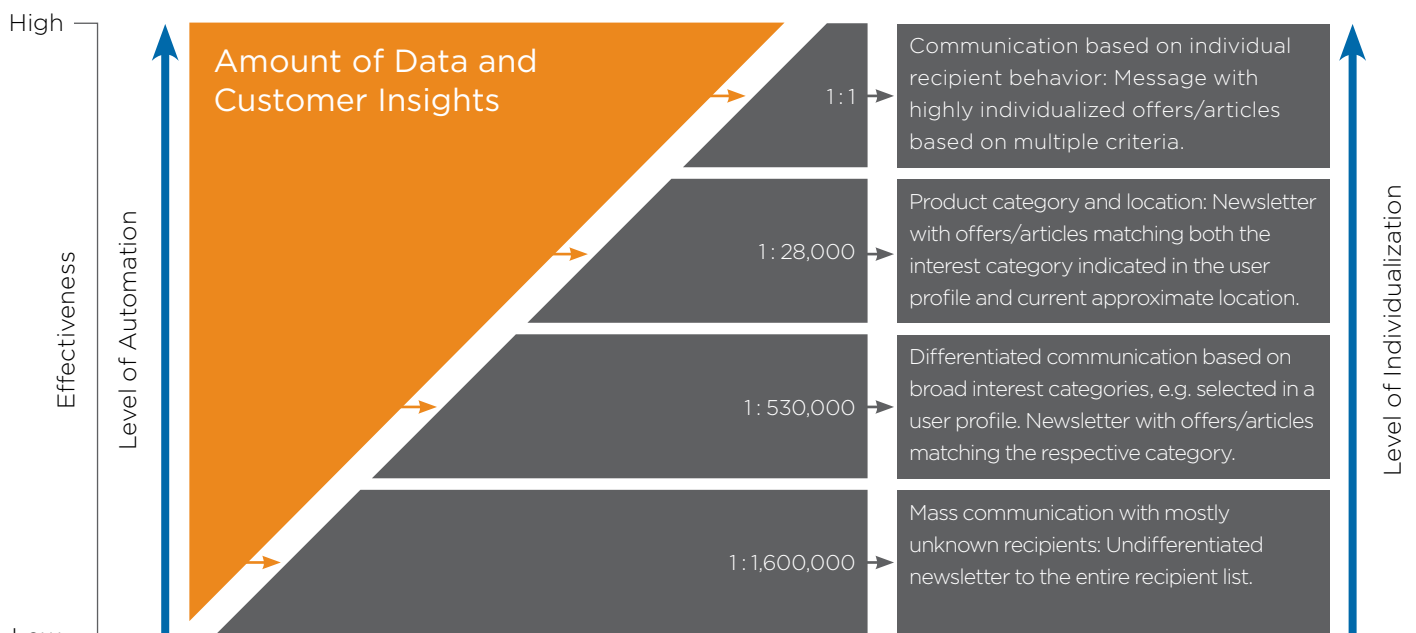
Personalization means tailoring communications to be friendlier, more personal than a mass marketing message, and more intriguing for the customer. However, marketers can do better. They can market to the segment of one, developing one-to-one communications—what we call individualized marketing.

The graphic below shows how using more automation is directly correlated with a higher degree of individualization. **Automation is absolutely key in the age of disruption.**

We're moving away from mass marketing to unknown recipients, undifferentiated newsletters, and communications based on user categories. We're moving toward specific user retargeting via digital devices, and tailoring offers based on very specific criteria collected through data.



### One-to-One Marketing Delivers Content Tailored for Each Customer



▶ Using more automation is directly correlated with a higher degree of individualization. This is absolutely key in the age of disruption.



# Other Key Trends – All Connected to Mobile



## Sensor Movement

Some retailers are implementing shopping carts that track the customer's movements through a store. This allows the retailer to identify how fast the customer is moving, what route they follow, how long product selection takes, and in what order goods are selected.

## Shopping Path Analysis

Many retailers, especially large stores and shopping malls, have already implemented technology to analyze shopper movements by tracking their mobile phone signals.



## Heat Mapping

Analyzing the locations at which customers spend the most time browsing or choosing their purchases is being achieved with in-store heat mapping. This enables stores to identify hot spots, dead areas, and bottlenecks and find ways to optimize store performance.

## QR Codes

QR codes provide a quick way for smartphone users to gain access to Internet-based information and the technology is being adopted in-store.

## Individualized Offers

Individualized pricing based on a consumer's shopping data has been used to provide real-time pricing online for some time. The technology is now moving into the physical store thanks to advances in mobile technology.

## Mobile App-Based Scanning

Another mobile-based innovation is mobile scan-and-go, in which shoppers download an app that allows them to use their smartphones to scan goods and pay for them at payment-only checkouts.

## iBeacons

iBeacons offer in-store communication via a small wireless device that continuously transmits to smartphones and tablets. Apps and location-based features can be triggered on nearby devices to inform the customer about special offers.

# Conclusion



Today, more channels influence the decision process, there is more transparency, the brick-and-mortar store is just one of many channels for interaction and presentation of products, the overall experience is much more complex to fulfill. Marketers in the retail sector have access to a tremendous amount of customer information. They can track purchase behavior, as well as identify customers through loyalty programs and on e-commerce platforms. Data-driven marketing uses this information to **identify individualized insights across different channels and implement more efficient marketing campaigns** that will increase conversion rates and sales.

The retail industry has experienced astounding changes over the last few decades, which have

consistently aimed to deliver greater efficiency for the company and a better experience for the customer. **Retailers that implement well-planned, integrated marketing campaigns can substantially boost their success rates**, with new leads and improved sales providing a rapid return on their marketing investments.

Retailers all over the world are using data-driven marketing that drives individualized insights to great effect, building closer customer relationships and capturing new business. Future developments in digital marketing will continue to drive change in the retail industry as companies deploy more, highly integrated data-driven campaigns. Using an integrated marketing management platform for retail marketing is the way of the future.

The Teradata Integrated Marketing Cloud enables you to power your retail marketing. You gain the insights to know more about your marketing, the agility and tools to drive action, and manage your brand so that customers experience holistic, pleasurable experience every single time.

For more information on how Teradata Marketing Applications can power your retail marketing strategy, please visit [marketing.teradata.com](https://marketing.teradata.com).



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