



BATTLING FOR **Significance**

The CPG customer has changed. Here's how.

There's a new way of doing things in the consumer product space, and it's your consumers who are shaping the way.

People are shopping for groceries, packaged goods, and the things they use every day in a fundamentally different way. They're using digital tools to address their own specific needs, and it's presenting a brand-new opportunity to assist them and to get ahead of your competition.

Brands stuck in the old way of doing things—those that see online interaction only as a point of transaction and not as the point of influence it truly is—will struggle for relevance. It's the brands that look at this situation as an opportunity to create an assistive experience that engages, energizes, and inspires consumers along their journeys that will thrive.

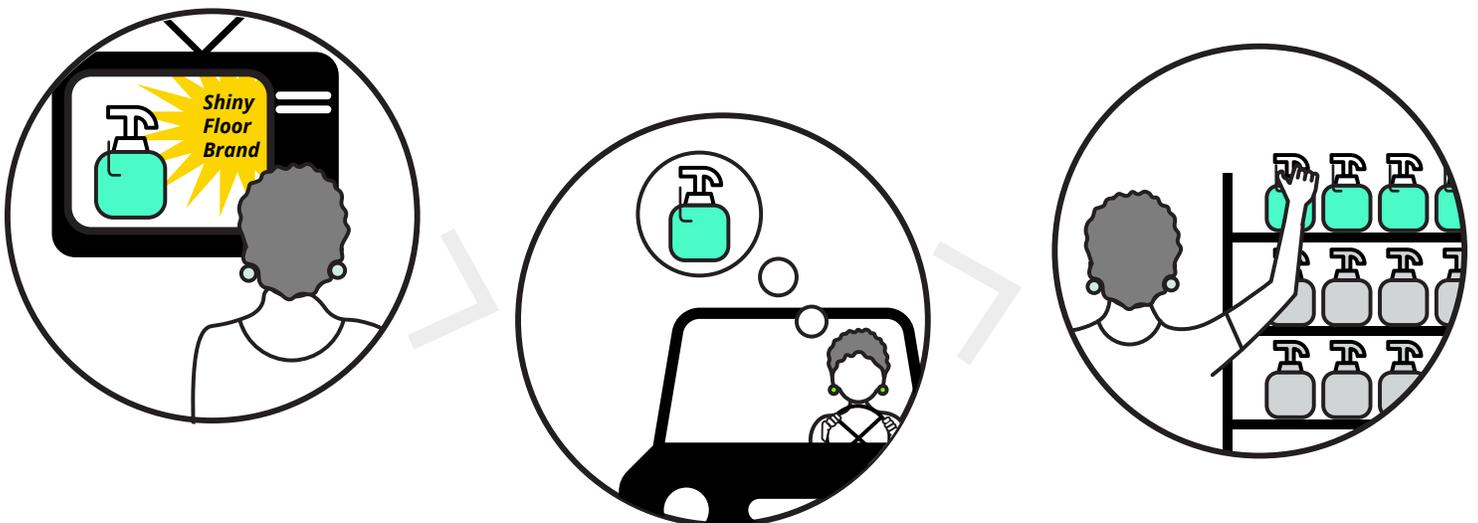
THE Old WAY

The traditional method of interacting with a consumer was to wait for them to think “I’ve run out of the multi-purpose cleaner I like. Where can I conveniently get a replacement?”

The belief was they already knew what they wanted and had a top-of-mind product they were familiar with and loyal to. For marketers, the strategy was a consistent barrage of commercials and advertisements to link consumer thinking to their product. When they think “I need to clean my floors,” the answer in their mind is automatically “Get Shiny Floor brand cleaner. It’s the one I know from TV.” It became the one they recognize on the shelf. And that was the end of the story.

It’s assumed that they decide they need a product and a particular brand, then either add it to a shopping list for their next outing or go out especially to get that one item. Traditional thinking follows a known logic: “I need floor cleaner. I know where to get that floor cleaner. I’ll go buy the floor cleaner at the place I always go.” That’s easy to assume when there are fewer options and fewer ways to buy.

“I need floor cleaner. I know where to get that floor cleaner. I’ll go buy the floor cleaner at the place I always go.”



WHAT'S changed?

Traditionally, we believed that a consumer decision is a simple one and it's easily influenced through repeated messaging. They already know what they want, they get to the shelf, then brands cash in and await the next transaction.

But the data does not bear this out.

What we've found, and maybe more important than anything else we address here, is that CPG shoppers' minds aren't made up. Instead, today, they're more curious, impatient, and demanding than ever. They're researching things they wouldn't normally research in the past (e.g., "best floor cleaner").

The first part of the past thinking still holds. In their most recent shopping journey, CPG shoppers said they planned to buy 75% of the products they purchased.¹ They know what they want and where to get it, but they aren't anchored to a specific product. They may know they need yogurt but haven't considered what brand or type (Greek, organic, flavored, low-fat, no-fat, etc.). They are considering more options

across all products than they used to and carrying that consideration with them into their planning.

In fact, 73% of CPG shoppers said they considered two or more products as they browsed and researched during their recent journey, while 43% considered three or more.² With 220 million shoppers in the U.S., that's nearly 90 million people.

Notably, as Google searches for a variety of food/beverage and beauty/hair categories increased from 2015 to 2017, so too did the unique terms used to explore. For example, mobile searches for condiments and dressing grew 165% while lipstick and lip gloss grew 110%. These categories, respectively, saw over 165,000 and 535,000 unique search terms used by shoppers seeking assistance.³

In the end, it's the consumer who decides what's important. An important brand. An important category. An important product.

So what should you, as a marketer, do? Answer consumers' questions early to influence what they are considering. If someone is searching for the best yogurt or even the best idea for a brunch spread, you can give them the inspiration and information they need to pick you.



nearly
Three-quarters

of shoppers considered two or more products as they researched their purchases.

Forty percent
considered three or more.

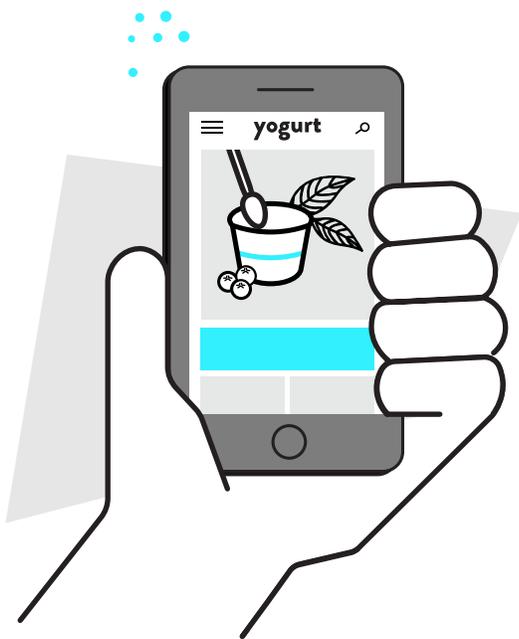
Be significant, not just relevant

Relevance is “That means something to me.” Significance is “That’s important to me and the way I live my life.”

When more than than 50% of grocery sales are influenced by a digital touchpoint, progressive brands have an opportunity to anticipate the needs of their consumers at multiple points along the way.

The reality for most consumers today is that they carry handheld access to an almost unlimited set of options to meet their needs, whenever they want. Thanks to mobile connectivity, they have easy access to more information and are in control of their journey more than ever before;

- Mobile searches on Google have already outpaced searches on desktop.
- According to Internet Retailer Report, purchases made on a mobile device account for 41.7% of consumer brand manufacturer online sales.⁴
- The Meeker Report cites 54% year-over-year growth of mobile shopping app usage.⁵
- Our own data shows that 37% of in-store retail sales (nearly \$1.4T) in 2016 were influenced by a shopper’s mobile device.⁶



Thanks to mobile connectivity, they have easy access to more information and are in control of their journey more than ever before.

Of CPG shoppers, 43% said they used search to be inspired, browse or research in their recent shopping journey.² That’s more than any other digital resource, including a retailer website.

It only takes a glimpse into two industries challenged by growth to see how getting the attention of and influencing in-market buyers is more important than ever:

- In the soft drinks category, soda producers (excluding bottled water, ready-to-drink teas, coffee, and juice) are expected to see an annual decrease in revenue of 0.4% over the next five years. During 2016-2017 alone, the decrease was 0.09%.⁷ Yet, mobile searches on Google for soft drinks grew 75% between 2015 and 2017.³
- For frozen foods, it took five years for the overall category to experience growth. In the first 12 weeks of 2018, volume of frozen food grew 1% while sales increased 3%.⁸ After a slow period, consumer perception is shifting. On Google, that perception is clear. From 2015 to 2017, mobile searches related to frozen foods rose an incredible 190%.³

Your consumers are practically shouting to you that they want and need assistance and inspiration from you.

There is a huge opportunity to connect the dots between what consumers are doing and learning about and the other related things they're likely interested in as a result.

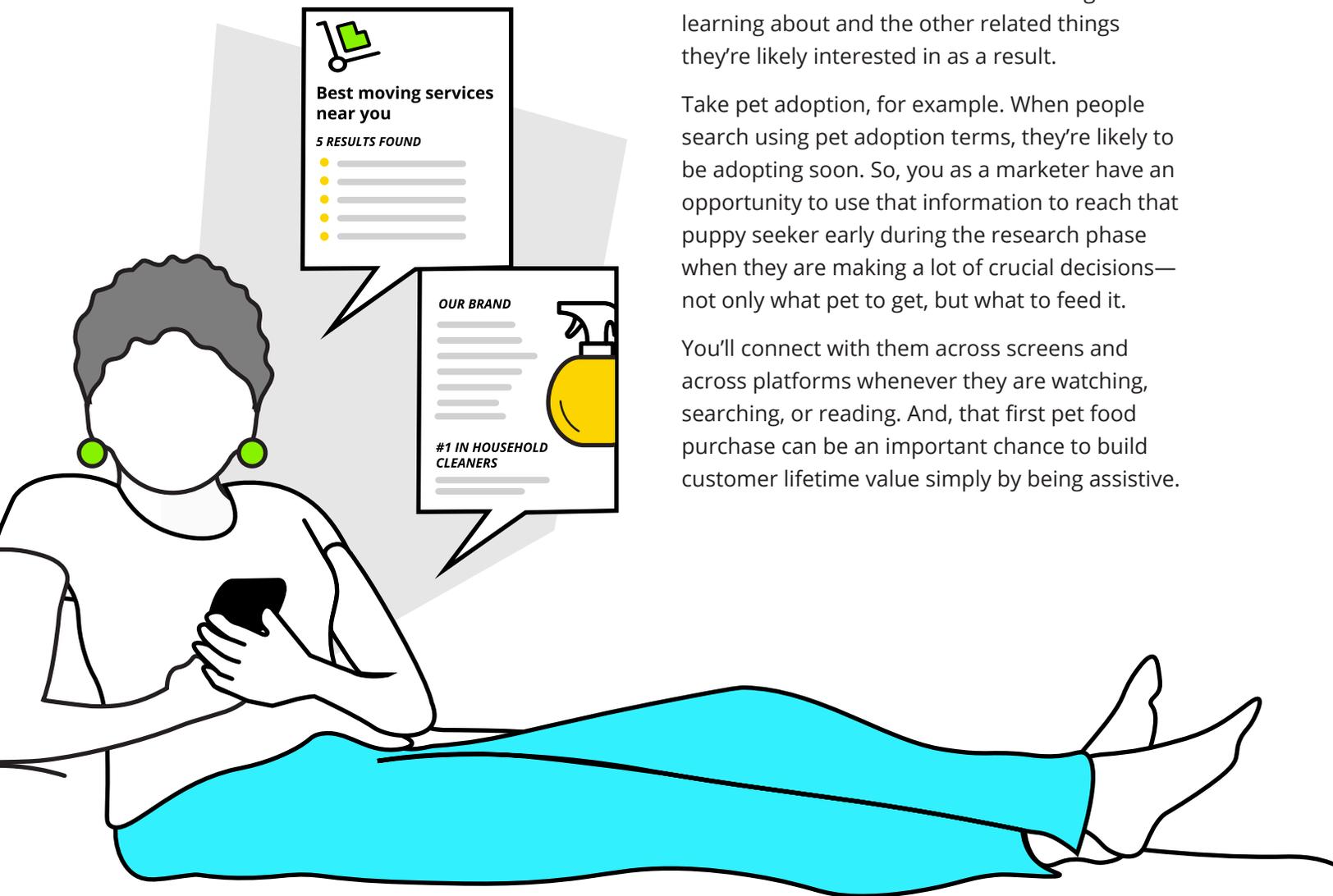
That presents a unique opportunity to use your brand website. one in four CPG shoppers said they used brand websites or mobile apps to browse or research before or during their most recent shopping journey.² It's the opportunity to link search results to a destination that lets you be assistive and make your brand and product significant.

For example, you've identified a consumer who has recently searched for a new home or booked a moving service. Because we know that people tend to restock their food pantry and purchase unusually large numbers of cleaning products after moving into a new home, you can use this information to assist consumers in that situation by recommending your products during that part of their journey.

There is a huge opportunity to connect the dots between what consumers are doing and learning about and the other related things they're likely interested in as a result.

Take pet adoption, for example. When people search using pet adoption terms, they're likely to be adopting soon. So, you as a marketer have an opportunity to use that information to reach that puppy seeker early during the research phase when they are making a lot of crucial decisions— not only what pet to get, but what to feed it.

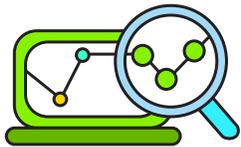
You'll connect with them across screens and across platforms whenever they are watching, searching, or reading. And, that first pet food purchase can be an important chance to build customer lifetime value simply by being assistive.



WHERE'S THE opportunity?

With so many interactions being informed by digital research and behavior, there is a clear opportunity for you to have a better understanding of your consumers, anticipate their needs, and redefine what makes them act in those moments. They are actively curious, impatient, and demanding in these moments. They're thinking "I want to know more!" Or better, "I need to know more!"

There is a real opportunity for you to build significance by assisting these digitally-engaged consumers with answers that speak to their needs.



Understand your consumer

Data from both first and third parties, such as retailer insights about purchases and Google search data about shopping intent, is readily available to give you insight into what consumers want, when they want it, and how they're making their choice. Take these pieces and you begin to gain a complete understanding of your consumers and their needs. More importantly, you're able to [stay relevant and deliver value](#) when it matters most.



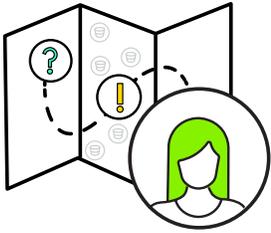
Anticipate their needs

Take this complete understanding and filter it through analysis of who your consumer is, what they care about, how they behave online, and what specific things they are most likely to buy and you begin to anticipate their needs with accuracy. And when you do that, you've just taken a giant step toward that magic combination of the right offer at the right moment. Some CPG brands are putting consumers first and [predicting intent to drive growth](#).



Redefine impulse

Impulse doesn't just happen at the checkout line anymore. Especially when so many shopping decisions are made before the shopping trip begins. So it becomes integral to the effort to redefine impulse and understand when, where, and how you can intercept consumers to influence their behavior. A personal care brand found that when simply looking at purchase-oriented interactions online it was missing two times the opportunity to influence earlier as shoppers sought out inspiration and assistance around questions like "what's the best remedy for x?"



Reach them before the competition

The data shows that shoppers leave a clear digital trail behind them that provides signals to you about when connecting with their need matters most. Consumers are being inspired and researching earlier in the journey, and these signals are cluing you into what they need. It's in the "I want to know" moments that you're able to have more powerful influence than in the "I want to buy" moments.

Specifically, those connections you make early resonate deeply with the consumer when it comes time to purchase. It's the difference between being relevant—"that means something to me," and being significant—"that's truly important to me."

And it's in that moment when they decide something is significant that the true power of your opportunity lies.



About the Research

Google and Deloitte partnered to conduct a unique study on customer behavior related to shopping for consumer product brands. This study of consumer product brands provided deep understanding of where customers engage with digital at each stage of the journey and, more importantly, what the most effective moments that matter are in driving value. This study followed shoppers from inspiration, when customers form intent, through their purchase decision and a clear path for brands to drive higher conversion and bigger baskets. Ultimately, the study sought to reveal what digital capabilities brands should invest in to better reach highly qualified shoppers (those expressing intent to buy).

A quantitative survey underpinned this research where responses from ~12,000 survey takers were analyzed to understand how customers engaged with brands and what specific platforms and actions are the best drivers of conversion and spend.



REFERENCE

1. Google/Deloitte, CPG Digital Influence, USA, 2018; Base: CPG Shoppers, n=10,293
2. Google/Deloitte, CPG Digital Influence, USA, 2018; Base: CPG Shoppers, n=8,040
3. [Google data, US, Jan-Sept 2017 vs. Jan-Sept 2015](#)
4. "Key Findings From the 2018 Top 1000 Report," Internet Retailer, 2018.
5. Meeker, Mary, "Internet Trends Report," Kleiner Perkins, May 30 2018.
6. [Deloitte 2016 digital influence survey](#)
7. "Soda Production in the US," Ibis World, September 2017.
8. RBC Markets Report, week-ending March 10, 2018
9. [Deloitte, "The 2015 American Pantry Study The call to re-connect with consumers"](#)

This publication contains general information only, and none of the member firms of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collective, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte USA LLP, Deloitte LLP and their respective subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.