EXECUTIVE SUMMARY

The digital economy is profoundly changing the face of commerce. This report focuses on the current global state of commerce across business verticals based on feedback from 100 global marketers, how data must be used as a key accelerator to business growth, and outlines the four key dimensions of the commerce framework that every marketer should address to win in the new digital economy.

THE CURRENT STATE OF GLOBAL COMMERCE

By the end of 2020, retail e-commerce sales are expected to reach $4.21 trillion (USD) worldwide.1 Although offline transactions will still represent more than 80% of estimated retail sales, growth is shifting to e-commerce with a sales progression close to five times stronger than the rest of commerce2 and sustained by the growing dominance of mobile (67% of e-commerce sales).3 Marketing leaders are fully cognizant of this evolving landscape according to the 2019 Dentsu Aegis Network CMO Survey, with eight out of ten believing the success of their business will depend on their capacity to design and deliver customer experience seamlessly across touchpoints. Data will play a pivotal role in their pursuit of the best commerce experience, with eight out of ten CMOs insisting on the importance of data collection, management and analytics to drive real consumer insights. However, less than half report that they are delivering this well today.4

THE MARKETERS’ RESPONSE

To learn more about how marketers currently use data for commerce and where they should be looking to fuel their growth, iProspect surveyed 100 key global clients to uncover how they rank across each dimension of iProspect’s Commerce Success Framework (CSF). The CSF analyses four dimensions; Availability – Meeting consumers where they really are; Findability – Ensuring relevant visibility when it matters; Buyability – Differentiating products from the competition; Repeatability – Building a relationship with the consumer beyond the first sale.

• Results confirmed that most brands are actively building upon their performance marketing heritage, adapting their skills and technology to secure the availability and findability of their proposition in the commerce sphere. Brands are struggling to convert and retain their audiences, and only a few have taken the plunge into commerce-specific technology.

• The battleground is largely in the visibility part of the funnel. Although being excellent in the Availability and Findability dimensions is vital, a clear advantage will be given to those brands that leverage opportunities in the sale itself (Buyability) and manage the customer lifecycle effectively (Repeatability).

• In terms of technology adoption, most respondents have imported the technologies they have been using in digital marketing into their commerce strategy, however less than half (46%) have invested in tools enabling a universal sharing of product information across the organisation. Only a few use commerce-specific technology such as digital shelf analytics.

• Regionally, APAC remains a hotbed for innovation, leading the world in every category in terms of maturity. In Western countries, social commerce still shows slow adoption rates. Rapid changes in technology in the APAC region have groomed consumers to adopt new online commerce faster than their counterparts in the West, and Asia-Pacific marketers have no choice but to innovate to keep up with consumers.

• Travel & Tourism leads the pack in terms of industry maturity resulting from greater access to data, both in volume and in value. Industries that traditionally have access to more data scored significantly higher than those whose performance has been tied to offline channels.

DATA AS THE NEW LINGUA FRANCA

To reap the full benefits of the ever-expanding commerce territory, brands must put the reality of data ahead of simply replicating their offline practices online, quickly adapting to address evolving consumer needs, as what appears today to be a marginal data point may be the white space that will drive growth tomorrow. Brands must make data responsibility paramount as they seek to both unlock their full commerce potential through smart uses of data and build strong, long-term relationships with their consumers. Using iProspect’s Commerce Success Framework, marketers can define areas of focus as they build concrete roadmaps to achieve their commerce ambitions in the digital economy, today and tomorrow.
Data-Driven Commerce

Introduction

Data-Driven Commerce

The New Rules of Commerce

The expanding commerce landscape has been shaken up the traditional competitive rules. On one hand, barriers to entry are collapsing and anyone can start a business online with limited resources. On the other hand, some large players are aggregating demand and capturing an ever-increasing share of e-commerce value, at scale.

Consumer behaviour in researching products, buying them and repeating purchases is also evolving, shaped by new ways of engaging with sellers. Seventy-nine per cent of consumers now say the experience a company provides is as important as its products and services. More than one third of consumers shopping with Amazon, Tmall or JD.com declare they actually shop more frequently because they use Amazon, Tmall or JD.com. More than one out of five declare they won’t even look anywhere else if they see a product that looks suitable on Amazon.

These increasing levels of competition and consumer expectation are intensifying the pressure on legacy brands, not only to emerge in this crowded space, but also to deliver engaging and convenient experiences on par with the ones proposed by a new breed of influential players. Although e-commerce is one of the greatest opportunities for businesses in decades, it is also one of the most challenging.

The Data Accelerator

As commerce growth is shifting to complex online environments, designing and executing a successful strategy can sometimes appear as an overwhelming conundrum for organisations. Various significant factors determine how a company is positioned to grow its commerce business in the digital economy: breadth of the international presence, product portfolio structure, existing rivalry of the brand, margin structure, supply chain efficiency, organisation structure, reporting lines, etc. Although they have a critical influence, moving the needle on these factors entails structural business decisions and requires time and resources to bear fruit.

This report explores another powerful and critical lever in the hands of marketers to accelerate their commerce strategy: data. While some data management projects require infrastructure and organisational changes as demanding as the examples mentioned above (McDonald’s recently acquired Dynamic Yields, a leader in personalisation and decision logic technology, to create more relevant experiences for its 68 million customers), this report focuses on rapidly actionable data for insights and optimisations. Data can have a direct impact on brands’ bottom lines today, from engaging with the right platforms, to building upon competitive intelligence, to optimising content and managing consumer feedback. This is all the more important as two of the most valuable audiences of brands, investors and customers, are already using data in increasingly sophisticated ways.

Asset managers and hedge funds are increasingly hungry for alternative data sources to drive their strategy ahead of quarterly earnings reports, and by 2020, spending on alternative data is anticipated to reach $1 billion. Web-scrapped data, search trends, social media sentiment and web traffic – channels and tactics well-known from digital marketers – are among the most observed sources by investors. A few years ago, analysing pricing data crawled from large electronics retailers, Eagle Alpha, a provider of alternative data, was able to detect weak demand for GoPro’s products and weak rankings of the brand’s latest product. One week after they published their conclusions, GoPro released their Q3 earning report, which revealed the brand would miss its targets for the first time since its IPO. Investors don’t hesitate to tap into advanced data sets like satellite imagery to observe store parking lots’ daily occupancy rates. Counting cars may seem rudimental, but it is actually very effective for assessing business performance. Analysing seven years of satellite imagery, University of California Berkeley professors found that using observations of abnormal parking-lot traffic to inform a trading strategy before quarterly earnings reports could earn a return more than 4% higher than the performance of bottom portfolios, a huge ratio in investment.

Consumers are not to be left out of the data game. As they are better informed of the value of their personal information, they are more vigilant with what they share: 44% of people have been taking steps to reduce the amount of data they share online (e.g., opting out of geo-location services) over the last 12 months. They are also becoming well versed in using data from digital platforms for their purchases. This goes from relatively simple techniques such as using smartphones in stores to compare prices with Amazon (a behaviour adopted by more than 78 million people in the US), to advanced tactics such as installing web browser extensions to automate discount codes research (Honey, one of these extensions, claims to have 10 million members or leaving an item in the cart for a few days in the hope of receiving an email with a coupon from the brand. Some expert users are taking this ‘data empowerment’ even higher, for instance, buying ads to promote their referral codes (an Uber client in San Francisco reportedly amassed $30,000 in credits by spending $600 in advertisements on Google), or carefully observing flight data to ‘skip lag’ – a technique where consumers, when noticing a nonstop airfare to a specific destination is higher than a fare to another city that includes a layover in the city they really want to visit, buy the flight with the layover and skip the second part of their journey (this technique has been challenged on legal grounds by several airlines).

As their most valuable audiences have unprecedented access to information and alternative choices with little friction, brands must leverage the right data to understand consumers’ intentions and harness the best platforms to engage and convert them. This is the place where iProspect has been leading the industry since 1996, converting consumer intent into action by executing data-driven experiences in media.
According to eMarketer, retail eCommerce will reach CA $64.56 billion this year, up 21.1% from last year and will represent 10.0% of all retail sales. The continued shift towards eCommerce can be attributed to the fact that over 50% of the Canadian population continue to shop online. Interestingly, 34% of internet users in Canada purchase products online on a monthly frequency, while 11% of users purchase on a weekly basis.

All signs point to a common theme. eCommerce has not only been adopted by a large population in Canada, but is also becoming increasingly ingrained in everyday life. This was not always the case, however. The retail landscape in Canada could be considered laggards in adopting online shopping and this was no fault to consumer demand. Domestic supply was the main issue and it wasn’t until multinational players set their sights on Canada as a new market that local retailers were forced to jump on the online shopping bandwagon.

Today, it can be said that the way people shop online is also changing. Although conversion on desktop remains king, mobile sales are expected to account for 31.5% of total retail eCommerce sales in 2019. As users continue to use mobile for online purchases, the need for retailers to provide a seamless shopping experience remains critical.

**WHAT’S CAUSING IT?**

Historically, supply chain dominance = market dominance

No more. Permanent changes in the supply chains are shifting the center of growth in the consumer economy.

Economic benefits are accruing in companies that create value by tapping into low-barrier-to-entry, capital-flexible, leased or rented supply chains. These include small firms in all major consumer-facing categories that sell their own branded goods entirely or primarily through their owned-and-operated digital channels.

The singular retail experience has permanently changed to a variable experience, which in turn transforms all value-creation and–extraction activities before, during, and after the sale.

First-party data relationships are critical because they fuel all significant functions of the enterprise, including product development, customer value analysis, and pricing.

**TRADITIONAL BRANDS ARE IN DECLINE.**

Given this shift in consumer behaviour towards online shopping, more than 50 brands in North America over the last 4 years have closed traditional operations. Notable brands include:

**2015**
- Radio Shack
- American Apparel

**2016**
- Pacsun
- Aeropostale
- Nasty Gal

**2017**
- BCBGMaxazria
- Payless ShoeSource
- Gymboree Outlet
- True Religion

**2018**
- Claire’s
- Nine West
- Rockport
- Sears
- Toys R Us
The 2019 State of Commerce Maturity

**Average Score: 2.75/5**

### Availability

Many companies surveyed have settled their strategy with their online channels, and have begun integrating them together as well as with traditional, offline channels. The largest opportunity is currently with optimising inventory - finding ways to better forecast necessary stock levels and making sure the product is always available to the consumer when they’re looking for it.

### Findability

Although paid media and organic media optimisation have hit their ceiling for improvement as brands try to deal with the increased levels of competition that come with the lower barriers to entry of the online world.

### Buyability

Buyability ranked lowest of the four dimensions, with digital-specific content being the largest drag. A strong pricing and promotion strategy is also seen as a focus area as 3rd party platforms and sellers eat into profit margin - an area easier to manage before people moved online.

### Repeatability

Continuing the relationship with consumers after the sale, thanks to technology like customer relationship management (CRM) systems, shows great promise. But this has not yet been fully realised by a majority of brands. Monitoring the retention of platforms and adjusting activities accordingly, processing feedback through reviews, social media and other data sources, as well as rewarding consumer loyalty with tailored benefits programs are all areas of growth.

In the current State of Commerce Maturity, the newer skillsets Buyability and Repeatability score less well, while respondents feel they are doing better in Availability and Findability. Two performance marketing strongholds. It is clear that newer skill areas demand more time to adapt culturally and require new systems and processes before they can be leveraged effectively.

### Implcations:

Currently, the battleground is largely in the visibility part of the funnel. Although being excellent in the Availability and Findability dimensions is vital, a clear advantage will be given to those brands that leverage opportunities in the sale itself (Buyability) and managing the customer lifecycle effectively (Repeatability).
Asia-Pacific leads the world in every category, with a CSF score averaging 3.23, followed by EMEA with 2.72, and finally the Americas with 2.45. While in Western countries social commerce is struggling to take off, China’s Pinduoduo has been leveraging WeChat capabilities to amass 355 million active buyers in its first three years. With India currently counting about three times fewer digital buyers than China (in proportion of the population), APAC e-commerce potential is immense. The rapid changes in technology in the region have groomed consumers to adopt new online commerce faster than their counterparts in the West, and Asia-Pacific marketers have no choice but to innovate to keep up with consumers, as reflected in our survey.

Although most respondents have imported the technologies they have been using in digital marketing into their commerce strategy (85% use Paid Campaign Management technology for commerce), less than half (46%) have invested in tools enabling a universal sharing of product information across the organisation (e.g., product information management or PIM). Only a few are using commerce-specific technology such as digital shelf analytics.

### Most Frequently used technology for commerce (% of respondents)

- Paid Campaign Management: 85%
- Customer Relationship Management: 66%
- Reporting Automation: 55%
- PIM/DAM/MDM: 46%
- Digital Shelf Analytics: 21%

### Number of technologies for commerce per respondent (% of respondents)

<table>
<thead>
<tr>
<th>Pieces of Technology</th>
<th>Initiating</th>
<th>Emerging</th>
<th>Developing</th>
<th>Advancing</th>
<th>Leading</th>
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<tr>
<td>1</td>
<td>21%</td>
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<td>25%</td>
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<td>4</td>
<td>26%</td>
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<tr>
<td>5</td>
<td>8%</td>
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</table>
INDUSTRY FOCUS

Travel & Tourism Leads the Pack

Access to data, both in volume and in value, is a key driver of maturity in the commerce world. Industries that traditionally have access to more data (e.g., Travel & Tourism, Technology & Telecommunications) obtained significantly higher scores than those whose performance has been tied to offline channels such as the Food & Beverage and Media industries. Although the former are seemingly able to reinvent legacy practices in new environments, the latter are struggling to grasp the new customer paradigm. In the recent years, many consumer-packaged goods (CPG) brands have multiplied direct-to-consumer initiatives to try regaining control over the customer experience, data and relationship. Similar patterns across industries are observable, as featured in the next graphics. For instance, content is the weakest link for most categories. On the opposite, clear distinctive strengths are noticeable: Business Services and Luxury over index on engagement and retention, which can probably be attributed to the place of human relationship and the power of the brand, respectively, while Travel & Tourism over index on pricing, which is presumably attributable to yield management proficiency.

Average Score by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average Score</th>
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</thead>
<tbody>
<tr>
<td>Travel &amp; Tourism</td>
<td>3.2</td>
</tr>
<tr>
<td>Pharma &amp; Healthcare</td>
<td>3.1</td>
</tr>
<tr>
<td>Tech &amp; Telecoms</td>
<td>3.0</td>
</tr>
<tr>
<td>Energy</td>
<td>2.9</td>
</tr>
<tr>
<td>Other</td>
<td>2.9</td>
</tr>
<tr>
<td>Retailers</td>
<td>2.9</td>
</tr>
<tr>
<td>All</td>
<td>2.8</td>
</tr>
<tr>
<td>Finance &amp; Banking</td>
<td>2.8</td>
</tr>
<tr>
<td>Luxury</td>
<td>2.7</td>
</tr>
<tr>
<td>Home &amp; Garden</td>
<td>2.6</td>
</tr>
<tr>
<td>Consumer Electronics</td>
<td>2.5</td>
</tr>
<tr>
<td>Business Services</td>
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<tr>
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</table>

The 2019 State of Commerce Maturity

Average score (all industries): 2.75

iProspect 2019 Global Commerce Survey, May 2019
The 2019 State of Commerce Maturity

Average score (all industries): 2.75
MEETING CONSUMERS WHERE THEY REALLY ARE

The first step of a successful e-commerce strategy is availability. Although being online may have once seemed sufficient evidence of availability, too many brands spent years simply trying to get consumers out of their daily routines and into the brands’ own ecosystems without properly assessing the influence and roles of other environments in the shopping experience.

This section will explore ways marketers can use data to better understand how consumers navigate between shopping environments, make the most of their product inventory at scale, and monitor the activity of third-party sellers and illegitimate resellers.
For example, Jumpshot data suggest that Glad’s online sales of garbage bags grew 10% in the United States during 2018 – which would seem solid in a mature category. But online sales of garbage bags is not a mature category – it’s growing so rapidly that while Glad’s sales rose 10%, their market share among top brands dropped about twenty percentage points. Meanwhile, new entrant Solimo, an Amazon brand, is now essentially third in share. In context, 10% growth is not cause for celebration – it is an alarm bell.

Tracking sales volume and share is a good start, but brands must also understand performance (such as conversion rates), broken down across the various possible paths to purchase (e.g., by specific search keywords).

For brands, succeeding at e-commerce starts with being available in the same digital environments where consumers shop, integrating their offerings with consumers’ existing habits. Availability requires a clear understanding of where people buy, why people search, and how people navigate the customer journey.

However, many marketers are flying blind in a digital world where most consumer behaviour happens in “difficult-to-see” places such as competitor sites, marketplaces, and social media networks. What happens on a brand’s site is the tip of the iceberg, and a huge volume of digital transactions take place behind walled gardens. At best, marketers tend to get incomplete data, cobbled together from different sources, with different metrics and in different formats.

So, how can marketers improve their understanding of what happens in environments they don’t fully control?

For marketers, it can be surprisingly difficult to get data about a brand’s performance in marketplaces – CPG brands have long complained that retailers give them checks, but not information. Data about the competitor’s performance in marketplaces – not to mention their branded sites – is even more difficult to get. Comprehensive sales performance data starts with sales data across all sites, but particularly in a competitive context.

Steve Kraus, Head of Digital Insights at Jumpshot, a big data and advanced marketing analytics platform powered by a 100-million device proprietary panel, explains how clickstream data can provide comprehensive insights into digital behaviour.

Evolution of US Market Share Among the Top Garbage Bag Players
Jan 2018 - April 2019

<table>
<thead>
<tr>
<th>Brand</th>
<th>JAN '18</th>
<th>MAR '18</th>
<th>MAY '18</th>
<th>JUL '18</th>
<th>SEP '18</th>
<th>NOV '18</th>
<th>JAN '19</th>
<th>MAR '19</th>
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<tbody>
<tr>
<td>Glad</td>
<td>40%</td>
<td>36%</td>
<td>32%</td>
<td>28%</td>
<td>16%</td>
<td>12%</td>
<td>0%</td>
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</tr>
<tr>
<td>Hefty</td>
<td>36%</td>
<td>32%</td>
<td>28%</td>
<td>16%</td>
<td>12%</td>
<td>4%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>simplehuman</td>
<td>16%</td>
<td>12%</td>
<td>8%</td>
<td>4%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member's Mark</td>
<td>4%</td>
<td>8%</td>
<td>12%</td>
<td>16%</td>
<td>20%</td>
<td>24%</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Solimo</td>
<td>0%</td>
<td>4%</td>
<td>8%</td>
<td>12%</td>
<td>16%</td>
<td>20%</td>
<td>24%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Jumpshot data, April 2019
SEARCH ACROSS SITES

Product-related search is transitioning from Google to Amazon, particularly for utilitarian offerings. In women’s clothing, for example, the top Amazon search terms are unbranded and distinctly utilitarian (e.g., leggings for women), while the top Google search terms are brand names (e.g., Forever 21). Similarly, for mobile phones, Google gets many branded searches, while Amazon gets a smaller number of lower-funnel, unbranded searches for utilitarian accessories.

Google gets a higher volume of branded searches for phones

Amazon gets a smaller volume of unbranded searches for accessories

US Search Volume Mobile and Desktop
Q3 and Q4 2018

Source: Jumpshot data, April 2019

iPhone
iPhone XR
Samsung Galaxy S9
iPhone X
iPhone 8
iPhone 7
Samsung Galaxy S8
iPhone 6
Google Pixel
iPhone 8 Plus
iPhone 6S
iPhone 6
Samsung Galaxy S8
iPhone X
Samsung Galaxy S9
iPhone XR
Unlocked cellphones
iPhone charger
iPhone X case
iPhone 8 case
iPhone 7 case
Samsung Galaxy S8 case
Search is one element of broader customer journeys that are more fully captured by clickstream data. Looking “upstream” and “downstream” from transactions can help marketers shape journeys effectively and optimise classic elements of the marketing mix such as price, product, place and promotion.

Full journey data also enables other specific applications:

- Publishers and YouTube influencers can better assess their effectiveness by measuring all the downstream transactions after an exposure, regardless of where those transactions occur.
- Affiliate networks and even streaming services can similarly move toward ecosystems where advertising revenue is tied to transactions across platforms rather than views or click-throughs.
- E-commerce leaders can refine their competitive positioning based on lower-funnel shopping behaviour that immediately precedes a purchase. How many brands did a consumer consider? What brands were in the consideration set?
- Channel managers can maximise direct sales while also maximising complementary revenue via marketplaces and answering the most crucial marketing question du jour: How many shoppers leave their site to buy their offering (or a competing one) on Amazon? Consider, for example, Nike. Their recent decision to begin selling directly on Amazon was part of an expanded “Consumer Direct Offense” to sell more directly to consumers, and it has largely been effective. Jumpshot data suggest that Nike sales are split almost 50/50 between marketplace sites and their branded site, while many competing brands see the vast majority of their sales happen in marketplaces. A similar indicator of brand strength: About 15% of Nike.com visitors head over to Amazon, but about 15% of those shopping for Nike on Amazon then visit the branded site. This “equal cross-visitation” is rare—most brands in the category lose significant volume to Amazon and get little or no traffic back from Amazon. On most consumer journeys, a voyage to Amazon is a one-way trip.
- Strategic marketers can better understand their target consumers with multidimensional personas. For example, knowing that viewers of *The Santa Clarita Diet* are also highly likely to listen to *The Pretty Reckless* on Spotify and buy CareVe skin care products on Amazon can help in crafting compelling content and offerings.
Making the Most of Product Portfolio

Once marketers know which platforms their audiences visit for research, inspiration and shopping, they need to ensure they send the right signals to be relevant when it matters the most. It entails being able to maximise the breadth and depth of their product portfolio, making the most of their daily available inventory. This can be challenging for brands, especially when they have hundreds of stock keeping units (SKUs) in their catalogue, sell in dozens of different languages, run frequent promotions, or use dynamic pricing. Here again, data, combined with automation, can help.

As organisations develop their online commerce, supply chain managers, product leads and marketers have been looking for efficient ways to process data across departments and environments. Solutions such as Master Data Management (MDM), Product Information Management (PIM) and Data Asset Management (DAM) have grown in popularity over the last five years but are only used by less than half of marketers (46%) according to the iProspect 2019 Global Commerce Survey. As described by Gartner, the combination of these solutions takes marketers closer to a single view of the product, from specifications, to marketing description, to product videos and more. These standardised and centralised sources of truth are not only useful to keep catalogues up to date with inventory across the brand properties (e.g., website and social platforms), but also to ensure third-party retailers display products in a consistent and time-efficient way through product syndication. However, too few advertisers seize these opportunities. In Europe, for example, only 25% of retailers offer a clear and consistent indication of product availability online, and less than half (48%) of product availability in-store.

These solutions can also be very useful for advertising purposes. For instance, marketers can detect the most important terms for their audiences through keyword analysis, then isolate the most relevant attributes corresponding to these terms in their PIM platform, and, as a result, export tailored product feed. These feeds can then be pushed through media channels so that the ad copy is dynamically adapted to the user query, or the retargeting banner automatically features the last item seen. This means ads are more relevant to users and marketers limit ad waste by not promoting out-of-stock products or items with margins too thin to support the cost of advertising.
Few products are as complex to market as airline tickets, with available quantity and price constantly varying according to many factors such as passenger load factor, route popularity or external events. For airlines, it is critical that their advertising effort correctly reflects all these factors in real time to stand out from the competition and capture consumer demand.

KLM is the world’s oldest airline still operating under its original name and one of the leaders of the European air transport industry, with digital marketing operations spanning 73 markets. As search engines play a prominent role in travellers’ decisions, paid search is a key area of focus for the brand, which manages 12 million dynamic ads from 133 AdWords and Bing accounts. When Google introduced Expanded Text Ads (ETAs), almost doubling advertising space to advertisers, it meant KLM had to rewrite all their ads because dynamic standard texts would not fit the new format – a gloomy prospect due to the global scale of their operations.

However, this extra space was also an opportunity to feature more information and dynamic elements from the KLM offering. With the help of iProspect, KLM built a new, richer product feed containing new bits of information such as fares, city codes, airports, and other dynamic characteristics of each flight across the company’s network. KLM also created new ad templates in iActivate so that ads can be automatically filled with destinations and prices from the feed, using all relevant variations of keywords. In doing so, KLM was able to automatically create millions of advertisements with the right prices and flight routes in 25 languages, while only having to design the templates.

Combining the right data (feed) and the right scripting methodology (templates and technology), KLM transitioned all its accounts to make the most of this new opportunity within only three months, resulting in 20% more sales, 19% increased revenue, 6% greater return on investment (ROI) and 13% lower cost per click.

One of the biggest challenges of managing paid search for more than 70 countries is optimising relevancy at scale, especially with the dynamic and expansive route network we offer as an airline. By seamlessly integrating our feed into iActivate, we have managed to create highly dynamic ads with route-specific information in 25 languages, taking utmost advantage of ETA’s new character limits. This not only tremendously increased the relevancy of our ads for our customer, it also increased our quality score and reduced our CPCs, ultimately creating more room in our budget to expand our reach.

Bram Roseboom
Search Marketing Manager, KLM
In their quest for availability, marketers not only need to make sure their products are available in the right places, they also need to ensure consumers favour official sales channels over unauthorised third parties selling their products, or worse, counterfeits of their products.

There are four main types of players that can capture a sale away from the brand. Let’s examine what approaches brands should adopt in each scenario, and how they can leverage data, from monitoring to serialisation.

**Authorised Resellers**

Contracted resellers are obviously not a problem. Brands sell their stock to these wholesalers so that they can sell the products on their behalf. However, brands should monitor these resellers regularly to ensure the content and messaging stays on brand.

**Non-Authorised Sellers, Sourcing Genuine Inventory Legally**

Brands have two main opportunities to fight against these non-authorised sellers. The first action brands can take is identifying where non-authorised resellers get their stock. Is it from a clearance sale at a physical store, or some online promotion they exploited to amass a lot of inventory at a very low price? From there, brands can take appropriate measures. For instance, if a retailer store is closing, brands should explore the option of buying back the stock to sell it through their online channels, instead of letting the closing sale take place. The second opportunity arises when contracting with platforms. Some platforms offer exclusive contracts and can technically block anyone else from selling products on their properties, which eliminates the third-party seller problem at once. However, this option rarely comes down to the terms marketers can negotiate with the platform. As exclusivity means the platform won’t generate revenue from other sellers, the terms of the contract may be very stringent for brands, and sometimes won’t be as good as if brands were battling the third parties themselves.

**Non-Authorised Sellers, Sourcing Genuine Inventory from the Grey Market**

This scenario happens when, for instance, unauthorised sellers purchase their goods overseas in a market where brands have to price their products lower. This practice allows these sellers to get a very low price, and then resell stock in a higher-priced market, but still at a lower price than the brand. It is often very complicated for organisations to fight against these sellers. They can lobby regulators to take stronger legal stances against this kind of behaviour, but results can take time and are uncertain. On a shorter term, brands can take actions regarding how they sell, blacklisting sellers when they manage to identify them, or limiting the units purchasable per person. This is far from perfect but can help limit the damaging impact of these sellers.

Another measure marketers can take is to monitor prices across e-commerce platforms with tools like Sonar (see page 47). This is critical as many marketplaces set the price based on algorithms designed to optimise the profit margin. For instance, a third-party seller can decide to slash the price on Amazon to win the Buy Box and get rid of their stock. In another example, Walmart.com, which monitors Amazon prices, sees the reduced price and slashes its own price. Then, Amazon’s own algorithms, monitoring Walmart.com, will in turn slash the price on Amazon, but this time on the products sold by the brand, cutting margins. In order to stop this algorithmic race to the bottom, brands need to monitor where these price changes start. From there, they can take actions such as a pricing limit, or defining a timeline for which they will hold a certain profit margin even if it means selling fewer units.

**Counterfeitors**

According to Frontier Economics, the value of counterfeit and pirated goods and their associated economic and social costs could reach $4.7 trillion and put 5.4 million worth of legitimate jobs at risk by 2022.\(^\text{10}\) Counterfeits are particularly present on marketplaces, where the mass of sellers makes it difficult to identify them efficiently. However, brands do have some means to fight against counterfeits on their own and with the help of platforms.

### Industries Most Hit by Counterfeit and Pirated Goods

Source: OECD, Trends in Counterfeit and Pirated Goods, % Shares of Total Value of Seizures, March 2019\(^\text{3}\)

- Footwear: 22%
- Clothing: 16%
- Leather Goods: 13%
- Electrical Equipment: 12%
- Watches: 7%
- Medical Equipment: 5%
- Perfume & Cosmetics: 5%
- Toys: 3%
- Jewellery: 2%
- Pharmaceuticals: 2%
- Other Industries: 12%
WHAT BRANDS CAN DO WITH THE PLATFORMS

Platforms have a strong responsibility and interest in ensuring their properties are safe for consumers to shop. For instance, lots of Chinese luxury consumers prefer to purchase cross-border because they are worried about fake products, and not all the platforms within China are able to stop the influx of bad third parties. This cross-border commerce is not limited to luxury items and extends across day-to-day categories. For instance, baby formula domestic players are still struggling to regain the trust of Chinese consumers since the 2008 milk scandal (more than half prefer foreign brands), and some consumers prefer to go overseas to buy massive amounts of instant formula because they are concerned about fakes making their way into the marketplaces and the platforms within their country. In order to continue their relationship with the consumer, platforms recently multiplied increased safety initiatives.

Tmall has built a separate space for luxury brands, Tmall Luxury Pavilion, which is by invitation only and guarantees consumers to purchase authentic products from well identified brands. Amazon has also started a dedicated programme: Project Zero. Typically, when a brand wants to take down a counterfeit or a problematic third-party seller on Amazon, it would have to fill out some forms and file an official takedown notice. Project Zero somewhat streamlines the process through a self-service counterfeit removal tool, giving time back to the brands. Another interesting part of Project Zero is product serialisation, which enables brands to create a unique code for the product at the manufacturing point, so that Amazon can then check the code upon receipt to ensure the item is legitimate.

WHAT BRANDS CAN DO OUTSIDE THE PLATFORMS

Brands can work with companies non-affiliated with platforms. For instance, iProspect proposes a two-tier system, combining scraping software that monitors more than 1,000 e-commerce sites to identify counterfeits early, and a team of specialists who confirm what the software detects and then perform manual searches. iProspect can then conduct test buys online or in store to determine if an item is counterfeited. Brands can conduct similar investigations on their own if they have the right team, are capable of working across a large array for markets and languages and have the right technology.

Brands can empower consumers to verify for themselves the genuineness of their purchases. For instance, they can manage serialisation in-house, generating unique numbers at the manufacturing point and incentivising consumers to enter the code on their website to check for matches in the brand’s database. Radio Frequency Identification (RFID) tagging technology is also gaining momentum among brands. This technology, used, for example, in the Amazon Go stores where people simply pick up items and walk out, can be added to tags so that users can read the chips with their smartphones and confirm whether the product they purchased is authentic.
DATA-DRIVEN COMMERCE

Beatrice Lindvall, Global Head of Media, Danone & Tom Verbugt, Global Director E-Acquisition, KLM Royal Dutch Airlines

All companies are going through some form of digital transformation to maintain or improve their customer experience in the digital age. What is your approach to addressing challenges and opportunities around the customer experience?

Tom Verbugt: We don’t differentiate from competition through the lowest price or the most luxurious product, but by providing exceptional service. According to Bain & Company, 80% of marketers believe they deliver superior customer experience and only 8% of consumers agree. As an airline, we have a lot of contacts with our customers: through our call centres, via our mobile app, at check-in, at boarding, in the airplane, when they read our magazines, etc. All of these contacts create our customer experience, and our difficult challenge is to make sure we organise ourselves to future proof our business, which is still traditional.

Building a brilliant customer experience is rooted in how data and technology are combined and deployed, which is one of the universal challenges of our time, data being quite often situated in silos within organisations. How do you address this challenge?

Tom Verbugt: Leadership plays a critical role. Recognising that we have to bring all the data together, to be more agile and to co-create instead of keep building expertise within silos requires a broad perspective. Although it is obviously very important for teams to be able to explain to top management why they need more data integration, leadership needs to challenge the status quo and take a clear direction. At KLM, we now have teams with a central responsibility of clustering data and aligning data sources. This organisation comes with its own set of challenges, because we used to have smaller sources with smaller teams, enabling us to quickly access and fix issues that frustrate our customers. As the organisation becomes bigger, the process becomes slower. It is a constant challenge to think ahead and to try to be prepared for what’s next.

Beatrice Lindvall: For a while, digital marketing was perceived as being quite opaque, which could make the leadership a little bit hesitant about its efficiency. The pendulum has come around; the transparency, accountability, and return on investment of data are much more visible and significant. Our approach is now about democratising data, about making it accessible. Depending on where we work in the world, we obviously don’t have the same type of data requirements. I would be very naive to say I know what Mexico is going to need in a few months, because to do so I would need to live with teams in Mexico to understand what data sets they need to be better at marketing activation. Democratisation requires having a very clear process of how to bring these teams together, though. We need to know who is ultimately responsible for data ownership in each market. We also need to know what we want and make clear choices, because we’re not going to get everything we want everywhere. We don’t work in a category where we own all of our first party data. Thus, choosing the right data and making sure we have that process of bringing the right people together is critical. How often do you actually see the sales reps in a media briefing or the ecommerce teams naturally coming up to a media manager otherwise?

As younger generations’ expectations around commerce are increasing and as marketers have so many options available, from voice search to shoppable social media, where do you think the big bets are in terms of the changing commerce landscape? How do you take advantage of them?

Beatrice Lindvall: We want to be in the basket everywhere: it should never be a moment where a consumer is looking for a product and not having a smooth experience to pick up that product. Thus, we have to create close partnerships with key platforms. We try to get first mover’s advantage, because we are sufficiently nimble to do so. Our golden rule is that if we can sell the product, we want to start by selling the product. Then, of course, we identify all the different journeys of the consumer, but we recognise we cannot be everywhere every single time.

Tom Verbugt: We make the distinction between the servicing part and the commerce part. Being everywhere the consumer is is very important for servicing. We want to be on WhatsApp, on WeChat, on Messenger and help our customer in the experience they have with KLM. For the commerce part, direct sales are very important for us, as they enable us to provide the best customer experience. For instance, if there are disruptions at the airport, we are able to update the customer about the new flight or hotel because we have the customer’s contact details. The direct online channel gives us the most direct relationship with the customer and is also the cheapest one.

CONVERSATION WITH
We know that obviously trust is a key issue for brands. We interviewed 300 leading marketers, and feedback in our study showed that 88% of marketers make trust a key priority for their brand. How do we ensure that brands’ digital marketing doesn’t jeopardize trust between brand and consumer?

Beatrice Lindvall: To solve the trust issue, we need to start making unconventional connections. We have invited a lot of the platforms, a lot of unexpected auditors, etc., to the table to talk about wild solutions for the industry. Those kinds of unconventional forums help identify good solutions for the consumer and are going to be needed. Ignoring these connections is never really going to work. So that’s definitely a key area.

Tom Verbugt: I recognise what has been said. As a consumer, I love GDPR. As a marketer, I hate it! We need to learn from this discrepancy to create trust.

One of the key challenges for businesses in the digital economy is attracting and retaining the right talent. Not only in terms of hard skills around data, technology, programmatic, AI, but also in terms of soft skills like agility and inclusivity. What is your business doing to address the evolution in talent requirements?

Tom Verbugt: This is actually a very big challenge for us at this moment. The airline industry is becoming the new banking industry, in the sense that we start being seen as a not so sustainable industry, especially in Europe. This is not helping us attract the younger talents. For our brand it is very important to explain that we are the most sustainable airline in the world and that potential recruits can help us move forward. This story, and how we position ourselves on this topic, are key. Besides our brand, the growth potential for people in the company is crucial: trainings, onboarding, career potential, development programs, all of these are crucial for us to communicate from the recruitment process until people leave.

Beatrice Lindvall: We are doing very similar things. We’re hiring very different skill sets at the moment. Ten years ago, I wouldn’t have recruited a computer scientist or an engineer to join the marketing team. That’s not the case today and this makes me very happy, as I have a master’s in computer science. For 15 years I thought it was the most useless degree I could get because I never used it when I was buying TV and promo! We are currently focusing on two aspects. One is we’re actively ensuring our specialists have an ability to grow in the organisation, creating new career paths in traditional marketing organisations. The second is that we make a concerted effort to raise the minimum bar, making sure we have very good internal trainings for everyone in our organisation. We have trained thousands of people, online or in person, about the five elements of data. They’re not going to be data scientists, but they do understand the importance as a marketer of using the right data.

Let’s focus on the evolving role of agencies in that moving landscape. The dynamic between agency and client does change. We are more and more involved in discussions around in-housing and consultancy, from media to data and technology. We have observed it improves our relationship, and this increased trust leads to better business performance. What is your perspective on the changing role for agencies in the next years?

Beatrice Lindvall: The transactional relationship, which I think agencies traditionally helped advertisers a lot with because we didn’t necessarily have the scale to do it, will be less required. However, the strategic need of an agency partner and the longevity of that relationship is going to be even more critical, so I think we’ll see longer relationships. We obviously rely heavily on agency partners to bring the outside in and to actually help us on our journey.

Tom Verbugt: I fully agree. In the 1960s to 1980s, agencies were some sort of advisors to the CEO, giving new growth ideas on profitability and efficiency. In the 1980s, agencies became experts in how TV ads worked, but this expertise could be copied across the industry. In the 1990s, a new mantra appeared: more technology is more profitability. Now we get verticals of industries and verticals of profession, and consultancies and agencies are connecting these verticals and telling me they can build, run and even own our customer experience! Maybe I’d prefer to go back a little bit to the 1960s, to have people help me with new growth ideas on how I can create new profitability. The agency world has shifted away from being rewarded for growth ideas, profitability and efficiency, and it would be very interesting to go back a little bit into that disrupting mindset.
Ensuring Relevant Visibility When It Matters

Once brands are available in the same places their customers are searching, they need to make sure they can be found in the ocean of search engine result pages and product listings. Marketers need to ensure their brands speak the same language as consumers and are visible to shoppers at the right time with the right message.

This section will delve into the metrics marketers should consider before launching advertising campaigns, how harnessing data on their competitors’ marketing activity can give them the edge, and how to inspire people through discovery.
Capturing Demand by Optimising for Consumer Intent

Many marketers make a concerted effort to ensure their product assortment within each channel is just right. However, if consumers cannot easily find a product when searching online, they will look for alternatives to suit their needs.

BEING FOUND MORE OFTEN THAN COMPETITORS

Not only does product data provide crucial information that consumers consult when making purchase decisions, but it also informs query matching on Google Search and retailer websites. To power and optimise Google Ads shopping campaigns, advertisers feed their product data into Google Merchant Center. Product data within an advertiser’s Merchant Center feed includes fields such as product title, description, price, and category. This data informs query matching and influences shopping campaign success metrics such as return on ad spend (ROAS) and impression share.

If the impression share is low, bid optimisation is only part of the solution. Marketers can increase their ad quality by improving their product attributes with rich, up-to-date product data. With more than 40% of online transactions made on mobile devices, it’s imperative for advertisers to win top ad placements for key terms, especially on smaller screens where visibility is more challenged. For example, the left-most ad on mobile shopping results gets up to three times more shopper engagement. Absolute top impression share indicates how often products show up in this top Shopping Ads placement. Marketers should make sure their brand is showing prominently when it counts - whether that’s for their top products, top categories, key shopping days, or for new product launches. Providing accurate, high-quality product data is an excellent way to drive product visibility and help consumers make well-informed purchases.

BEING FOUND BY THE RIGHT CONSUMER

If marketers only consider cost per acquisition (CPA) to assess the success of a campaign, they mistakenly treat each acquisition with the same weight. CPA ignores the fact that the lifetime value (LTV) of customers will differ based on their propensity to spend, and spend regularly, with each brand. Segmenting campaigns by LTV provides a way for advertisers to adapt CPAs and optimise acquisition efforts. Using website, sales and CRM data, advertisers can implement dynamic remarketing campaigns, personalising ads for people who have visited their website before.

Advertisers can do this in three simple steps. First, they should segment consumers in three LTV buckets - high, medium & low. Using data from multichannel reports in Google Analytics, CRM profile and engagement data, as well as transactional data, if available. Next, advertisers should calculate the max CPA for each LTV bucket using Google Analytics audience reports and audience insights within Google Ads. Lastly, advertisers should use their LTV segments and bid strategies as inputs to build remarketing lists and similar audiences in order to maximise the effectiveness of their campaigns.

Jenna Spivak Evans, Global Go-To-Market Lead for Shopping & Assistant at Google, shares her views with iProspect about how marketers can use data to improve their findability across platforms during this pivotal point in the consumer journey.

FINDABILITY
In the past five years, foot traffic to retail stores has declined by 57% but the value of every visit has nearly tripled. Store visits have become more informed as consumers research products online before they visit a physical store. Additionally, local shopping queries have increased by 45%, indicating that more consumers are searching for a product to purchase near their physical location. These consumers exhibit a high intent to purchase with three in four people visiting a physical place within 24 hours of their online local search. As such, store visits are an important metric for advertisers employing an omnichannel strategy on top of other more monitored KPIs such as impressions, ROAS and click through rate.

To capture shoppers during this pivotal moment in their journey, advertisers can draw on local store inventory data, query intent signals, and the user’s distance from a store to drive hyper-relevant campaigns. For example, adidas Japan noticed that more consumers were using local search queries, which indicated a consumer need to move from “now I want to see” to “now I want to buy.” After setting up more than 150 stores within Google My Business, adidas Japan implemented local inventory ads, which improved store visit rate by 42%.

Being found at the right time is more than just optimising for consumer intent. It also means ensuring the most important items are found, and purchased, at the right time. To capture maximal returns from their Shopping campaigns, marketers need to take control of their traffic by implementing multiple, segmented campaigns with separate bids and budgets. This can be achieved by segmenting Shopping campaigns to indicate to Google Ads which products should be shown the most. For example, marketers can indicate a high priority campaign for holiday or high margin products, a medium priority campaign for top sellers, and a low priority campaign covering everything else. Advertisers can evaluate campaign performance based on ROAS and profit. Advertisers with e-commerce tracking should monitor their ROAS and evaluate products based on revenue in relation to cost. Advertisers can also optimise for profit by creating a custom column in their Google Ads reporting and entering their profit margin in the formula: profit = total conversion value * profit margin - total cost.
“Obviously, selling to consumers online through our partners is critical. However, digital also enables us to better understand our consumers to create convenient and engaging experiences. For instance, we have a partnership with Tinder, which is not just about directly selling drinks through the app, but about being more relevant for people through contextual advertising. When people make a match, we suggest drinks and promos for their first date. Search analysis also gives us a lot of information about what people expect: they are looking for recipes for cocktails, for the best beverages and for promotions. Thus, we created a Facebook Messenger bot to address their specific needs in a simple way, guiding them according to their specific moments and contexts. This kind of initiative that looks beyond the transaction has been more useful for us to connect with the consumers than other types of promotions like two-for-one. Typically, we take advantage of the online ecosystem, but the transaction happens offline as people often want to buy liquids in their supermarket or in their department store. So, it’s not either one or the other. We always focus on consumers’ needs.”

Jesus Valdelamar
Head of Consumer Planning & Marketing Communications, Diageo Mexico
Since their launch in 2014, Google store visits have been helping marketers shed light on the online to offline customer journey. Calculated based on aggregated and anonymised data from users with location history activated, Google store visits help marketers measure the volume of people who go to a store after clicking on a search ad. However, they don’t say anything about the incremental performance of paid search on store visits. In other words, how many people would have gone to the store regardless of clicking on a search ad? In order to calculate the incrementality, iProspect partnered with a leading European retailer with more than a thousand stores and no online store.

Demonstrating the Real Value of Store Visits Through Measurement

From the research question “To what extent can measured Google store visits be credited to paid search?” we designed a test to compare the store visit rate of two groups of users: the ones exposed to our client’s ad, and the ones not exposed to our client’s ad.

Different Website, Same Store Visits?

In order to create a control group of users who were not exposed to our client’s ad, we developed a dummy website, completely different from our client’s website with zero connection to the brand. Then, we used one of our client’s Google Ads accounts to advertise on exactly the same non-branded keywords for the exposed and the non-exposed group, thus ensuring the conditions were exactly similar. We then measured and compared the people who clicked on the dummy website’s search ad, visited the dummy website and visited our client’s store, with the people who clicked on our client’s ad, visited our client’s website and visited our client’s store. This way, we could measure our client’s store visits for the exposed group and the non-exposed group.

The experiment result was spectacular, the incrementality of Google store visits representing more than two thirds. It demonstrated that 67% of the store visits measured for this retailer (from non-branded queries) could completely be attributed to the paid search efforts. This experiment helped our client get closer to the truth, make better decisions about the profitability of paid search, get buy-in from the organisation and work towards an omnichannel strategy.
As e-commerce platforms present consumers with product listings that seem infinite, it is critical brands occupy the most prominent spaces if they are to be found and shopped. Advertising plays a key role in emerging from the clutter. However, the available advertising real estate is limited and works as a zero-sum game: the space one wins is the space another loses. In a context where more than one out of two marketers (57%) declares that efficiently managing high volumes of data is one of their more difficult challenges in 2019, advanced competitive intelligence is an imperative in a brand’s toolbox if they are to make the most of their marketing budget.

Sonar is a competitive intelligence platform providing marketers with strategic information about their competitive landscape across digital environments and markets. Used by major brands such as P&G, AccorHotels and Samsung, Sonar uses powerful crawling technology to bring to the surface low signals from competitors’ moves, even in walled gardens. Once product managers define which competitors to monitor in which retail environments, Sonar extracts data from the selected sources, transforms data to apply relevant calculations, and loads the formatted information into the Sonar database, accessible through a dashboard.
Pricing Intelligence

Sonar helps brands precisely calibrate their pricing according to competitors. Marketers can access insights such as price per category, per brand, per custom attribute (e.g., for automotive manufacturers: car model, fuel type), price elasticity (lower whisker, lower hinge, median, upper hinge, upper whisker and average), minimum advertised price and more. Each price can be recalculated to provide fair comparison (e.g., for CPG brands, prices can be readjusted per volume unit if competitors sell in different packaging formats), and first-party data can also be injected to add other layers of intelligence, such as profitability. Therefore, marketers can be notified via customised alerts of subtle changes in competitor pricing that can have drastic consequences in the consumer decision and react before losing sales.

Example: Fizzy drinks

| Period: | 10/18/2018-10/23/2018 |
| Market: | United Kingdom |
| Category: | Diet, Diet caffeine free, Regular, Zero Sugar |
| Retailer: | Amazon, ASDA, OIvido, Tesco |
| Flavour: | Apple, Blood Orange, Burdock, Cherry, Cucumber, Ginger, Lemon, Lemon and Lime, Lemonade, Lime, Mango, Orange, Original, Rose Lemonade |

Shelf Intelligence

As highlighted in the iProspect 2019 Global Commerce Survey, only one marketer out of five (21%) currently uses a digital shelf analytics technology. A tool like Sonar delivers to brands a comprehensive vision of shelf presence, encompassing the real share of shelf vs. their competitors, their search coverage of strategic queries, the most popular products per category and retailer, and more. Marketers can use this information to improve their product mix per platform, inform the negotiations with retailers, understand where content optimisation should be performed, and evaluate the products and categories for which advertising would bring the most added value.

Example: Refrigerators

| Period: | 09/11/2018-09/14/2018 |
| Market: | Brazil |
| Segment: | Basic, Essential, Premium, Super Premium |
| Brand: | Brastemp, Consul, Electrolux, Panasonic, Samsung |
| Retailer: | Angeloni, Carrefour, Casas Bahia, eMall, Fast Shop, Magazine Luiza, Ponto Frio, Submarino, Submarino, Submarino, Submarino, Submarino |
ADVERTISING INTELLIGENCE

Using Sonar, marketers can understand the advertising strategies of their competitors. They can not only access the ad share per category, retailer and brand, they can also get insights on the type of ad run by their competitors. Powered by optical character recognition and image recognition, Sonar reads and interprets the content of any display banner to automatically categorise ads in promotional types (e.g., bundle, discount, trade-in, product launch, sponsorship, partnership) and provide ad samples for each. Sonar can also compile the list of all the products advertised per competitor to inform marketers about the strategies of their competitors.

Example: Blenders and Mixers

| Period: 08/13/2018-08/15/2018 |
| Market: Brazil |
| Segment: Basic, Low Essential, Essential, High Essential |
| Retailer: Americanas, MagazineLuiza, Ponto Frio |
| Brand: Arno, Britania, Mondial, Philco |

Advertising Intelligence

Using Sonar, marketers can understand the advertising strategies of their competitors. They can not only access the ad share per category, retailer and brand, they can also get insights on the type of ad run by their competitors. Powered by optical character recognition and image recognition, Sonar reads and interprets the content of any display banner to automatically categorise ads in promotional types (e.g., bundle, discount, trade-in, product launch, sponsorship, partnership) and provide ad samples for each. Sonar can also compile the list of all the products advertised per competitor to inform marketers about the strategies of their competitors.

Example of turning competitive intelligence into media actions in the Amazon environment through decision matrix

ACTIVATING COMPETITIVE DATA TO DRIVE PAID MEDIA STRATEGY

The intelligence collected in competitive monitoring platforms like Sonar can be put into action very rapidly for paid media purposes. It can not only help marketers evolve their messaging and reassess the selection of products they promote through advertising, it can also directly drive bidding strategies and ad formats. iProspect has developed a decision matrix taking into consideration the product lifecycle stage and its competitive strength, with actionable tactics for each possible scenario.
Improving E-commerce Performance for Under Armour

As online platforms offer more opportunities for businesses to promote their products, it is important to not only have specialised approaches per platform to make the most of their unique features, but also to recognise how insights can be passed across environments to maximise overall performance.

Founded in 1996, Under Armour aims to make all athletes better through passion, design and the relentless pursuit of innovation. To support its online sales, Under Armour wanted to improve the efficiency and the performance of its paid search campaigns, especially on Google Shopping and Amazon.

**Google Shopping**

With more than 16,000 items advertised through the platform, Google Shopping plays a critical role in Under Armour’s sales. However, the Shopping campaign structure hindered effective bid management and usable insights: although branded search terms were responsible for far more traffic and sales than generic terms, both branded and generic terms were grouped in the same campaigns and ad groups.

As a result of a Shopping Lab with iProspect and Google, Under Armour evolved its strategy to better optimise campaigns according to different business goals by separating the branded and generic search terms through intelligent use of campaign priorities and funnelling. Under Armour also evolved its bidding approach, moving from bids on bestsellers solely based on past performance to combining historical data with demand forecasts.

Thanks to this optimisation strategy, Under Armour was able to increase sales by 20%, to improve ROAS by 88%, to reduce cost by 20% and to achieve 99% impression share on branded terms.

**Amazon**

Under Armour wanted to better leverage Amazon within its omnichannel strategy. The brand notably aimed to improve the integration and efficiency of its media and retail efforts on the platform so that customers could easily find the Under Armour products.

To do so, Under Armour not only analysed search data from Amazon, but also built upon insights gathered through other environments such as Google search engine. From this cross-analysis, Under Armour found new opportunities for gender-specific and sports category searches (e.g., men’s golf shorts). It also enabled the brand to revise its Amazon Advertising account structure to allow for more relevance in high-volume categories. More than 1,000 Amazon campaigns were run according to this customer-centric approach, maximising sales whilst staying profitable, and demonstrating the power of paid search cross-platform optimisation.

“Through our improved funnelling, we achieved an almost complete share of possible impressions for our branded search terms, ensuring that we reach all athletes searching for Under Armour sports performance apparel and footwear in an efficient way.”

Lauren Geenen, Digital Marketing Team Lead Under Armour Europe

“iProspect helped Under Armour set up and implement a clear strategy for Amazon Advertising, including analysis of search terms, robust campaign structure, and constant optimisations. The results, +23% click through rate, +77% conversion rate, +75% growth in sales, show the great work that iProspect has delivered.”

Johannes Mulert, Lead Pure Players Under Armour Europe
Inspiring People Through Discovery

As seen previously, being easily found by shoppers, and being found more often than competitors, is crucial in the commerce success framework. However, what happens when people don’t really know what they’re looking for just yet or when they are looking for inspiration rather than a specific brand or a specific product? What can marketers do for their brands to be ‘found’ when people haven’t even thought of them yet?

Vikram Bhaskaran, Global Head of Vertical Strategy and Marketing at Pinterest, shares his views with iProspect on why brands need to inspire people earlier in their shopping journey.

In any vertical, from e-commerce brand, to mass retailer, to the next great direct-to-consumer business, consumers have more options than ever before. As a result, their tolerance is low and their expectations are high. People want to be able to discover ideas that are personal to their individual tastes, and once they discover these ideas, they want to be able to shop—anytime, anywhere. Today, the digital shopping experience isn’t great. Discovery is hard, and taking action once people do discover something they like is even harder. There is enormous pressure for retailers to make the shopping experience seamless and to give consumers new levels of convenience and choice.

That said, innovations in online shopping have been focused on the transaction instead of replicating the in-store discovery and inspiration experience. As a result, basket sizes are decreasing and brand loyalty is quickly disappearing. Retailers need to engage with consumers early in their decision-making process rather than relying on the last signal of intent prior to the transaction. It is particularly important when people look for inspiration that they don’t distractedly browse, but really evaluate their options to take action. By enabling new ideas and suggesting use cases and occasions for products, brands can make the most of this active time to guide people through their journey.
It helps brands matter before decisions are made

Depending on the category, planning can start very early in the purchase journey. For instance, people start planning on Pinterest three months before they use other platforms. According to Neustar MarketShare, Pinterest is more likely to influence purchase decisions in the beginning of the purchase journey than other platforms, leading to 40% bigger baskets and faster conversions.

It is ideal for introducing new offerings

Interestingly, among the more than billions of searches happening every month on Pinterest, 97% of the top 1,000 searches are unbranded, showing people are open to hearing from brands they haven’t considered before.

It is a widespread behaviour among the most valuable audiences

According to comScore, Pinterest reaches 77% of all women ages 24 to 54 in the United States, a demographic responsible for 80% of household buying. It is ideal for introducing new offerings that inspire them to make a purchase, and the future of retail centres on its ability to create discovery experiences. Online, this comes in the form of visual search. Unlike tapping text or calling out commands, visual search sits squarely in the native shopping environment consumers already understand; it’s similar to how they shop in physical stores today. Visual technology powers everything on Pinterest – from the content recommendations to the way ads are served – and image recognition and machine learning fuel the shopping experience.

It is visual at heart

At its core, retail is about introducing consumers to new ideas that inspire them to make a purchase, and the future of retail centres on its ability to create discovery experiences. Online, this comes in the form of visual search. Unlike tapping text or calling out commands, visual search sits squarely in the native shopping environment consumers already understand; it’s similar to how they shop in physical stores today. Visual technology powers everything on Pinterest – from the content recommendations to the way ads are served – and image recognition and machine learning fuel the shopping experience.

Return on Inspiration will become as important as Return on Investment, as tapping into inspiration builds long-term brand love, salience and shareholder value. To get started today, brands can leverage the data troves the more than 250 million Pinners around the world create when they plan their meals and decide what to wear. This enormous bank of knowledge represents a unique opportunity to understand the trends that matter today and the ones that will matter tomorrow, and to respond to consumer demand with enhanced product development and individualised communications strategy.

10 Trends That Matter in 2019

Searches increase year-over-year on Pinterest

- Zero-waste travel: 74% increase
- Boat building: 169% increase
- African print fashion: 229% increase
- Goat milk soap: 231% increase
- Quarter socks: 266% increase
- Vertical gardens: 287% increase
- Toy share subscriptions: 313% increase
- Ginger water: 353% increase
- Going gray: 879% increase

Source: Pinterest, Pinterest 100 2019, December 2018
DIFFERENTIATING PRODUCTS FROM THE COMPETITION

Once consumers have found a brand’s product, the brand needs to help them see why its product is superior to the competition. Now that digital shelf and product detail pages have replaced flashy packaging, compelling content, competitive pricing and promotions are crucial to differentiate a brand from its competitors and nudge users into purchasing.

This section will cover how product page content needs to be optimised to appeal, convince, reassure and capture the sale. It will also discuss how data can help maximise the opportunities in fast growing environments, and how retail analytics can help brands connect the dots between their online and offline shopping experiences.
Anatomy of a Good Product Page

An effective product page is one that turns visitors into customers by clearly conveying the value of the item, addressing potential concerns and facilitating the transaction. Marketers selling online know the importance of paying particular attention to product pages on their e-commerce website, using conversion rate optimisation (CRO) and search engine optimisation (SEO) techniques.

However, as maximising visibility and sales within online marketplaces is the fastest growing priority of marketers in 2019, how do CRO and SEO practices apply in these environments? What should marketers do to satisfy ‘skimmers’ (i.e., users in a rush, looking for only certain relevant information) and ‘researchers’ (i.e., users looking deeply into product features)?

Using the example of Legrand, a French global specialist in electrical and digital building infrastructures and iProspect client, let’s look at what makes a good Amazon marketplace product page and how to balance optimising for people and optimising for marketplace algorithms.

**Image Optimisation**

- **The first image is critical as it appears in the search results and therefore influences click-through rate. White background should be favoured over busy background and the product should take 80% of the available space.**
- **High resolution images enable effective zoom.**
- **Different angles and perspectives should be proposed, with a maximum of 9 images. Although on average shoppers tend to expect more than 5 images and at least 2 videos, it is important not to duplicate images, or use images that aren’t relevant for the particular variant of the product, especially for simple products.** Having misleading or incorrect images will lead to less sales and more returns.
- **At least one image should put the product in context to show scale and help consumers envision themselves using the product, increasing purchase rates.** Lifestyle, infographic-type and 360° images can be useful for many products.
- **Images should be properly tagged as picture metadata is indexed by the Amazon’s A9 algorithm.**

**Title Optimisation**

- **The priority keyword should occupy a prominent space, here right after the brand ‘Double prise électrique’ (double socket).**
- **Product reference in the title in case it would be searched.**
- **Title should not exceed 200 characters: a good title is concise, while having all info necessary for search.**
- **The priority keywords must appear in the first 70 characters to display properly on mobile.**
- **Technical specifications must be present in the title.**
- **Commas, dashes or vertical bars must be used as delimiters.**
- **To future proof, title should sound good when read out loud, as that is how it will sound when Alexa recommends it.**

**Bullet Point Optimisation**

- **A lack of product information is often cited as a key reason why shoppers bounce from product pages.**
- **The 5 bullet points should always be fully utilised.**
- **Priority and secondary keywords should be repeated in the content of each bullet point.**
- **Rich content should be preferred for each bullet point, within the 500 authorised characters.**
- **This is the perfect place to add complementary information about the product quality to improve conversion.**
- **It is advisable to look at the other top-ranking comparable organic products to see the copy they are using in order to learn and also differentiate.**
- **These bullet points are often where Alexa will find and read product information from. Make sure they are concise and sound well when spoken.**

**In the case of Legrand, we observed a significative gain in visibility thanks to title optimisation (from non-indexed to first position on ‘double socket’ keyword in only 4 weeks).**

**Buyability**

- **A lack of product information is often cited as a key reason why shoppers bounce from product pages.**
- **The 5 bullet points should always be fully utilised.**
- **Priority and secondary keywords should be repeated in the content of each bullet point.**
- **Rich content should be preferred for each bullet point, within the 500 authorised characters.**
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DATA-DRIVEN COMMERCE

OPTIMISATION OF QUESTIONS AND ANSWERS

• Questions are vital indicators about what is important to the consumer and therefore a key consideration to ensure content covers all the things that consumers may be thinking about as part of their decision-making process.

• We recommend answering questions directly if there are no answers from other consumers yet, prioritising the most strategic products in their portfolio. The more information the users have in this section, the lower will be the return rate. Amazon lowers the seller rank of sellers with a high return rate, which may result in losing the Buy Box to sellers that provide better service.

RATINGS AND REVIEWS

Reviews are critical to being purchased. No reviews will severely limit purchases, and no negative reviews will make it look like the seller is dishonest and hurt sales. We recommend sellers to benchmark against their category and respond to negative reviews to show consumers they care and as a result to get more sales.

OPTIMISATION OF PRODUCT DESCRIPTION

Improving format can help you make content both skimmable and researchable, without sacrificing the other. The focus should be about giving the user easily readable and structured text that caters for everything they may be thinking about as part of their decision-making process.

1 Content optimisation

From a ranking perspective, simple product description is indexed. We usually add the principal keyword once or twice. Copy should at least be 1,000 characters and be kept below 2,000 characters.

2 A+ content addition to improve conversion

A+ content has been added for each main product category. A+ content and Enhanced Brand Content are not indexed by Amazon. However, all page contents are indexed by Google and can help specific product pages rank higher in search engines outside marketplaces. A+ content typically increases product conversions by 3-10%. In the case of Legrand, we observed improvement up to 30% on conversions.

Anatomy of a Good Product Page
Increasing Buyability Across Fast-Growing Environments

Optimising product pages is critical to e-commerce success, but what should brands do when people shop without seeing a product page at all?

Some fast-growing environments, such as Voice and social commerce, bring interaction and transaction even closer by removing some of the traditional steps of the e-commerce experience.

TURNING UP THE VOLUME ON VOICE COMMERCE

Voice popularity is growing fast, very fast. In the US, one voice assistant user out of four (24%) already prefers shopping by Voice vs. shopping online, and eight out of ten who shopped using their voice assistant are satisfied. It is therefore not surprising that Voice shopping is expected to grow to $40 billion in 2022 in this market. Tech platforms know it: with 100 million Alexa devices reportedly sold, Amazon recently retired their Dash physical buttons, now obsolete. Marketers know it, too: according to the iProspect 2018 Global Client Survey, 69% declare the rise of digital assistants is an opportunity to develop their relationship with their consumers. Some trailblazing companies have already launched initiatives to future-proof their brands, like Mastercard, which debuted a sonic brand to ensure audio recognition, notably across Voice-enabled environments.

Source: iProspect 2018 Global Client Survey

Priority Emerging Channels For Marketers in 2019
(% of respondents)

- 34% Voice Search
- 34% Bots
- 21% Visual Search
- 8% Augmented Reality
- 3% Virtual Reality

Source: iProspect 2018 Global Client Survey
Using site analytics to identify the Featuing snippets to guarantee Using semantic mark-up and ensuring headers and descriptions are optimised is crucial for Voice and data structure.

- Using site analytics to identify the content pages that get the most mobile traffic, revealing the most relevant queries to answer vocally.
- Including in search strategies longtail terms that would have been deemed too small in volume not long ago.

- Using semantic mark-up and structured data to make content more discoverable by search engines.
- Featuring snippets to guarantee rich content surfaces.
- Answering specific questions and using heading tags and ordered lists correctly, improving chances that content surfaces by Voice.

Optimising product feeds and data structure.

- Optimising mobile site speed.
- Optimising marketplace product page optimisation (as covered earlier in this paper) to improve visibility within Amazon search results, which increases the likelihood of Amazon defaulting to these products for purchase.

Optimising shopping environments.

- Ensuring headers and descriptions are optimised is crucial for Voice and ‘hard sell’ approach, are simply not as much fun. By tying new engagement and brand expression opportunities to instant, in-app checkout, social commerce has the potential to actually make shopping social again. Combining consumer awareness, transactions, promotions and re-engagement all into one platform gives unprecedented power to brands to drive conversions and create new revenue channels. But it doesn’t stop there. With headless API integrations built on top of their current architecture, brands can even move beyond social. Ultimately, as online and mobile consumer behaviours evolve, and the definition of a social platform continues to expand, it’s likely that social commerce will morph into everywhere commerce.

Social commerce has not only changed which channels brands sell through, but also how retailers segment and brand their products. Single-product, vertical-focused brands will most likely take centre stage. That’s not to say larger brands must revert to selling only one product line, but rather they should rethink their product positioning and create different sub-brands or brand pages. Fashion Nova is a great example of this. They have continuously added new product lines during the last few years, but each with its own social presence and its own brand strategy, turning the fashion brand into one of the most researched on Google alongside luxury fashion houses. Other brands like Supreme use the product drop strategy, which is all about exclusivity and fleeting buying moments.

Data-Driven Personalty

With social networking, brands have moved towards personification, developing a specific voice and tone. With the help of data and artificial intelligence, brands can replicate that personality when they adopt social checkout. Technological innovations like Jumper enable brands to create emotion-evoking, fully conversational checkouts through messaging tools like Messenger. With the ability to plug into brands’ marketing and CRM stacks, and to tap into socio-demographic data, customer surveys, and product interest, the checkout can be customised to each individual based on his/her purchasing preferences, taking social media conversion rates to the next level. Jumper’s merchants, for instance, experience an average conversion rate of 25%-35%.

Social-based commerce has the potential to make online shopping enjoyable again by enabling retailers to mimic offline shopping behaviour in an online environment. Brick-and-mortar shopping is a classic social activity, and online shopping sites, with their “pull” and “push” approach, are simply not as much fun. By tying new engagement and brand expression opportunities to instant, in-app checkout, social commerce has the potential to actually make shopping social again. Combining consumer awareness, transactions, promotions and re-engagement all into one platform gives unprecedented power to brands to drive conversions and create new revenue channels. But it doesn’t stop there. With headless API integrations built on top of their current architecture, brands can even move beyond social. Ultimately, as online and mobile consumer behaviours evolve, and the definition of a social platform continues to expand, it’s likely that social commerce will morph into everywhere commerce.
Too many brands have put brand and e-commerce messaging in silos. The holy grail is to develop an integrated approach to marketing.

One that contemplates a holistic, full-funnel approach to messaging, media and analytics from the beginning.

Don Lane
Global Chief Marketing Officer, Saucony
Attracting consumers to physical establishments is a challenge for CPG alcohol brands like Diageo, whose main objectives are to increase product trials and be the consumer’s first drink of the night. Diageo wanted to explore new digital path-to-purchase opportunities to increase Captain Morgan product samples and, in turn, generate a sales uplift for the participating bars where drinks could be redeemed. The Captain character was already a great hit with customers, so Diageo sought to bring him back in a new role.

iProspect identified the chatbot as an ideal complement to regular sponsored posts on Instagram and Facebook, so that Captain Morgan would enter into a direct conversation with the very people he wanted to engage. Each post was strictly age-targeted and geo-located, focusing on areas where people were likely to redeem the offer as a result of having a bar nearby. Before clicking through to the ad, users had to verify they met the legal drinking age. Then, the Captain chatbot in Facebook Messenger would kick in with instructions on how to redeem the offer and a button for checking a route to the customer’s nearest participating bar. Each coupon was recorded by Eagle Eye tracking to connect redeemed drinks with the chatbot.

The Captain Morgan social ads generated a 31% uplift in sales at points of sale, excluding discounted drinks, between the promo month and the previous month. Of those who engaged with the ads, one out of ten went on to redeem their drink at a participating bar. Of those who redeemed a code, 27% expressed positive sentiment. The campaign also received national press coverage via ‘The Sun.’

It was not the first time Diageo successfully leveraged a chatbot. The brand previously launched the Whisky Matcher, which used artificial intelligence to recommend drinks based on flavors and price point, and which resulted in 17% of users clicking through to buy online. However, the Captain Morgan chatbot represents the first time the brand leveraged the power of social commerce for driving sales offline.

We were really pleased with the results of the chatbot and the way in which we could effectively streamline our paid media to reach the right audience at the right time with the right messaging and drive them into our partner bars to try a delicious Captain and Cola.

Henrietta Reed, Brand Manager at Diageo Europe
Elevating the In-Store Experience Through Data

Retailers haven’t waited for the ascent of e-commerce to harness data in their growth strategy. The Huff Model, a popular method using census information, store size and distance to predict consumer spatial behaviour and ultimately decide about the best store location, is more than 50 years old. Loyalty cards – and the troves of shopper insights they enable – gained traction in the 1990s when online transactions were still in their infancy. Since then, consumers have learned to use data to their advantage, empowered by technology: 78.1 million people in the United States use Amazon on their mobile phone to compare prices or availability online when shopping in a physical store. Brands must keep innovating to improve their in-store shopping experience and remain the preferred choice of customers over competitors.

**Enhancing Consumer Experience**

In-store experience doesn’t have to be grandiose to matter to consumers. For instance, Walmart added a Store Assistant in its app to make the shopping experience more convenient for customers, from groceries list to returns. Recognising that 80% of its customers make lists prior to visiting a store, Walmart lets them enter items in natural language in the app, which returns stock level and price at their local store. Walmart also input its store layouts inside the app, so that consumers can now quickly locate an item from their list on a store map and easily navigate between aisles. Shoppers can initiate a return on their smartphone by looking up both their online and offline purchase history and generating a QR code to present to Customer Service when dropping off their return. With other features such as Easy Reorder, the Walmart app makes the data vs. value exchange tangible to customers and delivers against the four pillars of the Commerce Success Framework: availability, findability, buyability and repeatability.

Another interesting example is the Nike by Melrose store in Los Angeles that uses local digital data such as buying patterns and mobile application engagement to inform the in-store assortment, matched to specific local preferences regardless of Nike’s broader seasonal priorities. Additionally, customers can reserve products through the application and pick them up via smart lockers, book one-to-one sessions with associates also through the app, and scan any barcode with their smartphone to check the product inventory, online and in store.

**Improving Mobile Clienteling**

Face-to-face guidance and advice from sales assistants is a key element of differentiation for physical stores vs. their online counterparts. Although easy access to customer and product data can empower sales associates to drive more personal and relevant conversations with shoppers, less than half (45%) of store associates can access their store’s inventory according to Newstore. Improving access to data is particularly important for luxury brands, whose consumers expect increased levels of attention. For instance, Neiman Marcus lets its associates quickly collect information through voice-activated wearable devices to spend more time with consumers. To get started, marketers can make the most of product feeds and CRM data used across their digital environments to feed their associates with actionable data on the sales floor.
BUILDING A RELATIONSHIP WITH THE CONSUMER BEYOND THE FIRST SALE

Making a sale is fantastic, but once is not enough. Brands need to make sure they deliver an excellent customer experience so that consumers become lifetime repeaters. In fact, marketers believe maintaining and improving the quality of the purchase experience and after-sales service is their priority for increasing trust in their brand in 2019. In their quest for loyal repeat customers, it is paramount brands pay particular attention to user feedback and engage customers beyond the sale.

This section will explore how marketers can leverage product reviews and sentiment analysis to improve their proposition, and how they can increase customer LTV in a world where brand loyalty is non-existent.
How Reviews Analysis Can Improve Repeatability

In the digital era, nothing can escape online reviews, not even The Holy Bible. According to the iProspect 2018 Global Client Survey, marketers see reviews as the biggest risk to consumer trust with their brands. However, only 38% of them declare taking a proactive role, i.e., playing an active role in the discussion and engaging conversations with users. This ratio should be concerning, as reviews are the expression of consumers’ satisfaction and frustration, which ultimately drive or prevent repeat purchase.

How can marketers better leverage the precious feedback consumers share online?

“Worst fantasy/speculative fiction novel of all time.”

User review of The Holy Bible on Goodreads.com

Boaz Grinvald, Chief Executive Officer of Revuze, a leading cloud-based big data consumer analytics solution, shares his views with iProspect about the data sources marketers should consider exploring and the ways they can turn data into intelligence for every stakeholder across their organisation.

WHERE CONSUMER EXPERIENCES LIVE

Understanding consumers is critical for every aspect of long-term relationship with them, from customer service, to product enhancements, to customer satisfaction. Leading brands typically use three main sources of data:

- **Online ratings and reviews** are now the world’s largest consumer panel. This data source is often the most detailed in terms of coverage, encompassing most of the brands in each industry and most of the SKUs.
- **Call centre data** is the hidden gem. Brands’ servers often host the most direct and brand-specific feedback available from actual customers.
- **Social media** is likely the source with the highest volume of feedback available. The feedback is typically delivered at the brand level, not the SKU level, and needs to be filtered of all the surrounding noise to be useful.

THE MAKINGS OF A GOOD ANALYSIS

Consumers’ opinions fluctuate all the time for many reasons such as seasonality, market disruptors, and change in tastes and competition; meaning brands are chasing fast-moving audiences. However, organisations tend to fail to keep pace with customers’ changes at the proper speed, as highlighted by a recent iProspect study which cites the lack of agility to quickly evolve brand proposition based on consumer experience as the biggest challenge for increasing long-term trust by marketers. To protect and create value for their customers, organisations need an effective ongoing process powered by:

- Regularly updated consumer opinions, such as reviews and call centre transcripts. One-off surveys will not cut it.
- Automated analytics solutions to decipher the opinions with high granularity - at the single SKU level - and with automated consumer topic discovery.
- Regular and easy distribution to all relevant members in your organisation, without requiring support from analysts or IT department.
Let’s look at the example of fabric care. Processing 196,000 consumer reviews of 3,489 SKUs across 150 brands over the last three years, the Revuze software automatically broke down opinions into valuable sentences and detected the sentiment for each sentence. The share of positive sentences dictated the average sentiment of the scope analysed (market, topic of discussion, brand or SKU).

At an industry level, the Revuze data analysis reveals the impact of promotions on reviews. Although the volume of reviews is growing rapidly and consumer sentiment is declining over the three years, excluding promotions (free/discounted offers in exchange for reviews) from the analysis shows that the volume of reviews is actually stable, and that consumer sentiment declines even faster during the same period. This demonstrates that, as promotional reviews are more positive than others, fabric care brands tend to invest in promotions to slow down the sentiment decline.

The analysis also enables marketers to identify the most discussed topics. Across the 62 discussion topics identified, the most important fabric care specific topics are, by order of importance, Smell (2nd), Results (4th), Stains (9th), Sensitivity to product (12th), Softness (13th), and Environment (17th).

Reviews and Sentiment Evolution in the Fabric Care industry, 2016-2018

Source: Revuze data, April 2019

...Many Reviews.
The sales department can focus on the purchase experience or supply chain metrics to improve availability, findability and shopping satisfaction. For example, knowing one retail chain has low inventory and customers complain on availability can help grow sales through that channel. In the fabric care market example, availability is a low sentiment topic (44% sentiment), which means there is room for improvement there.

The sales department can focus on the purchase experience or supply chain metrics to improve availability, findability and shopping satisfaction. For example, knowing one retail chain has low inventory and customers complain on availability can help grow sales through that channel. In the fabric care market example, availability is a low sentiment topic (44% sentiment), which means there is room for improvement there.

With granular SKU level insights, many departments can make more informed decisions to improve customer experience, satisfaction and loyalty.

- The marketing department can leverage insights for strategy, positioning, product-specific campaign design and competitive analysis. In the fabric care market example, their plans should include promotions in exchange for reviews.

- Customer service can grow customer satisfaction, minimise customer returns and increase loyalty. In the fabric care market example, satisfaction around returns is very low (33% sentiment), which demands a quality review of the return process.

- The product team can build better products, know what enhancements and fixes are needed, and can learn from competing products that take off in the market. In the fabric care market example, they can study the negative reviews to improve product-specific issues such as lasting smell, taking out stains, or relying more on environment friendly ingredients.

As highlighted by Boaz Grinvald, reviews analysis provides many stakeholders with precious information on consumer satisfaction. Leveraging this intelligence, how should marketers respond and manage reviews online? Should they aim at perfect ratings? Should they answer every single review? What is the impact on reputation and revenue?

The answer is...

...it’s complicated. Let’s consider the hospitality industry as an example for assessing a few certainties.

### Responding to Reviews Influences the Volume and Nature of Reviews and Ratings.

**YES**

Several studies have demonstrated the causation effect of ratings on revenue. For instance, a Harvard Business School study highlighted that a one-star increase in Yelp rating leads to a 5-9% increase in revenue of independent restaurants. However, do responses to reviews and ratings play a role on reviews and ratings? The answer is yes. Analyzing TripAdvisor data, researchers from the University of Southern California and Boston University revealed that 27% of studied hotels increased their rounded ratings by at least half a star within six months of their first management response. The number of reviews was also influenced, as the number of reviews a hotel received increased by 12% following its decision to begin responding. Beyond quantitative metrics, responses do have an impact of the nature of reviews. When hotels respond, negative reviews become less frequent and longer. When guests had a poor experience and noticed the hotel management response to consumer reviews, managers may become annoyed or that response crowded out the reviews. The same study suggested that focusing on negative reviews is a winning strategy, as ratings improve more substantially as a result of responses to negative reviews than positive ones. Another study from the University of Denver’s Daniels College of Business presented similar findings around over-responding to numerous positive reviews. As the study mentions: “If the hotel is already overwhelmingly supported by a large number of customers for its service excellence, managers may not want to engage with the crowd to create unnecessary information overload and interference through managerial responses. […] For example, consumers may raise questions in their minds about the soundness of the business and leading them to become suspicious about the underlying motives.”

**YES AND NO**

Research from Cornell University, based on TripAdvisor data analysis, shows there is a relationship between revenue and hotel management response to consumer reviews. However, this relationship is positive only to a certain point. Beyond a 40% response/review ratio, revenue starts to decrease, and beyond 85%, revenue is lower than if there would be no response at all. The explanation proposed is that consumers may become annoyed or that response crowded out the reviews. The study highlighted that focusing on negative reviews is a winning strategy, as ratings improve more substantially as a result of responses to negative reviews than positive ones. Another study from the University of Denver’s Daniels College of Business presented similar findings around over-responding to numerous positive reviews. As the study mentions: “If the hotel is already overwhelmingly supported by a large number of customers for its service excellence, managers may not want to engage with the crowd to create unnecessary information overload and interference through managerial responses. […] For example, consumers may raise questions in their minds about the soundness of the business and leading them to become suspicious about the underlying motives.”

This industry example shows that there is not a single truth, one-size-fits-all approach to responding to consumer reviews. Only ad hoc data analysis can inform brands of the beneficial or detrimental impacts of their strategies.
How PayPal Leverages Data to Increase the Transaction Volume Per User

> Ratings and reviews are not the only way to engage customers beyond the sale and increase LTV. Performance media combining first-party data, contextual targeting and dynamic messaging can prove to be a very efficient tool to increasing the volume of transactions per user, as demonstrated by PayPal.

Although more than seven million (7.3M) Australians have PayPal accounts, they often associate the payment solution with retail purchases (an attitude rooted in their historic well-known relationship with eBay), not the thousands of other ways they can transact with PayPal. As a result, PayPal’s challenge is not acquiring new Australian customers, but instead growing the value of their existing base—specifically by getting 18-29 years old to use PayPal across non-retail verticals such as Food Delivery, Subscriptions, Streaming and Travel.

PayPal’s research found that speed and convenience were the key factors in why their audience uses PayPal. Research also demonstrated that online payments are becoming more mobile focused, with 72% of consumers actively shopping on mobile. In addition, non-retail purchases often follow a ‘set and forget’ mentality. For example, users who sign up to Uber or Spotify are unlikely to change their payment method, a huge challenge to overcome across verticals with an existing high level of adoption. Off the back of these core insights, PayPal put forward a strategy focused on identifying and influencing the individual habits of their target audience by leveraging context through smart use of data.

**CASE STUDY**

**How PayPal Leverages Data to Increase the Transaction Volume Per User**

**Ratings and reviews are not the only way to engage customers beyond the sale and increase LTV. Performance media combining first-party data, contextual targeting and dynamic messaging can prove to be a very efficient tool to increasing the volume of transactions per user, as demonstrated by PayPal.**

The thorough execution (500+ placements, 200+ creatives) maximised behavioural impact:

- **Installed apps targeting to identify users without Netflix or Stan on their phone and who are in a ‘downtime’ moment while traveling to work (based on time and WiFi connection status), with creative showcasing how easily PayPal works with Netflix.**

- **Weather triggered targeting of users in business districts on rainy days, with creative showing a person booking an Uber.**

- **Data partnership with Spotify to target users who were signed up to the free version, with display banners showing how PayPal provides value by never needing to update your credit card details.**

- **First party audience targeting through Facebook and Google Display Network with messages around their usage of PayPal.**

- **A global-first partnership with Spotify on their ‘Be-heard’ trial, involving skippable formats, where bespoke audio was played to users based on their daily habits: morning (what Netflix shows they would watch tonight), midday (what they would have for lunch), evening (what their next holiday would be).**

This strategy not only enabled PayPal to generate 40% in incremental transactions, but also to increase the transaction per active user by 5%, a strong performance given they re-engaged a high volume of lapsed consumers (7% of the monthly active consumers).
In a nutshell, we are working on creating relationships, not on selling. It really comes down to understanding people’s problems - what they are Googling, what keywords they use.

Nivea has been in the market for more than 130 years, but there are new consumers who are researching about acne. We can provide them with suggestions around acne. Being useful when it matters generates loyalty. It’s not only about a sales banner or closing a deal.

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Santiago Nettle
Regional Marketing Director
Northern Cone, Beiersdorf
DATA-DRIVEN COMMERCE

TRADE ROUTES

Without a doubt, digital commerce is rapidly maturing, giving brands new opportunities to understand their customers’ intentions and design engaging experiences, from meeting them where they really are and helping them discover new products, to adapting to new ways of interacting with technology and responding to feedback more effectively.

Newly developed digital usages permeate today’s entire commerce landscape, opening new transactional routes that intersect with existing ones. Television used to be seen as the sole medium truly capable of generating significant sales uplifts through live video. In 2018, streaming on Taobao alone generated around $15 billion in gross merchandise value. Subscription models may not seem new to periodical publishers, but with subscription commerce recently sustaining considerable growth (more than 100% in five years in the United States87), even Burger King now offers a coffee subscription service through its mobile application.88 Online-only retailers move to brick-and-mortar and physical goods go virtual. For instance, Nike and the video game Fortnite recently partnered to release two new virtual characters (known as ‘skins’) wearing Nike sneakers.89

With innovations flowing in, the growth of online commerce is not expected to slow down over the next twelve months: according to Dentsu Aegis Network’s Digital Society Index, 72% of people according to Dentsu Aegis Network’s Digital Society Index, 72% of people in developed markets and 83% in emerging markets declare they are more likely to do their shopping online in the next year compared to the past year.90

DATA OVER DOGMA

Because what proved successful for traditional commerce isn’t guaranteed to work online, it is pivotal for brands to put the reality of data ahead of simply replicating their offline practices online. In the digital commerce age, data should take on the role of common language – the new lingua franca – between organisations’ departments so that they can align their ways of working and push against the same metrics, with partners so that the user experience is consistent no matter the touchpoint, and with consumers through a clear value exchange. Success will depend on brands’ ability to implement the best solutions to process data. Brands must also be able to quickly adapt to address evolving consumer needs, as what appears today to be a marginal data point may be the white space that will drive growth tomorrow. Agencies can help marketers with both considerations: not only securing the pertinent data and media partnerships with the right vendors, but also helping organisations exploit today’s data and explore the low frequency signals to future-proof their activity.

DATA RESPONSIBILITY AS MORAL COMPASS

The value of data should not eclipse, or be parted from, the paramount notion of data responsibility. As eight out of ten people globally declare they would stop doing business with an organisation that misused their data,91 it is particularly important for brands to always use data responsibly to protect their consumers and their businesses. IProspect’s earlier report, Future Focus 2019: Searching for Trust,92 covered how brands grounded in credibility, relevance and reliability will see trust as the very foundation for their success in the digital economy. Brands should adopt the same attitude in their e-commerce activity to not only unlock their full commerce potential through smart uses of data, but also to build strong relationships with their consumers over the long term.

COMMERCE SUCCESS FRAMEWORK AS MAP

Through IProspect’s Commerce Success Framework, brands can start or accelerate their growth journey by clearly mapping out where they stand in terms of availability, findability, buyability and repeatability. From there, marketers can define areas of focus as they build concrete roadmaps to achieve their commerce ambitions in the digital economy, today and tomorrow.

To what extent would you be likely to stop business with an organisation that lost some of your data or used it irresponsibly?

(%) of respondents either likely or very likely

Source: Dentsu Aegis Network, Digital Society Index 2019; April 201994

<table>
<thead>
<tr>
<th>Country</th>
<th>% Likely to Stop Business</th>
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<tbody>
<tr>
<td>China</td>
<td>86%</td>
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<tr>
<td>Mexico</td>
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Misty Locke
Global Chief Marketing Officer
Gustavo Macedo
Innovation Director, Brazil
Nate Nicole
Senior Global Brand Manager & Comms Manager
Roham Phillips
Global Chief Product Officer
Joel Rao
Chief Executive Officer, Kenya
Stuart Santos
Group Account Director, United States
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Data-Driven Commerce report

iProspect

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iProspect

iProspect is a global, award-winning agency – focused on converting consumer intent into action and driving business performance for the world’s largest brands, including Diageo, Hilton, Burberry, General Motors, Procter & Gamble, Gucci, and Microsoft. The iProspect team works across a network of 4,600 employees spread over 94 offices in 56 countries.

In 2018, iProspect won more than 200 awards including 15 leadership recognition awards and 25 Agency of the Year titles and was named Digiday’s Agency of The Year. iProspect is named a Leader in The Forrester Wave™: Search Marketing Agencies, Q4 2017, #1 Global Digital Performance Agency by RECMA, Industry Agency of Choice at The International Performance Marketing Awards, and took home 4 Effie awards across the globe in 2018.

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