The importance of **Brand Equity** in an omnichannel world.

bpost

gondola group.
The retail & FMCG platform

THE RETAIL ACADEMY

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What to expect?

Welcome to the omnichannel world! Retailer and brands embarked on their digital expedition, building an online presence and establishing new sales channels. In the online world, new rules apply on how to build and leverage your brand, and only few players are playing the game to the maximum of their ability.

There are multiple new channels to engage and activate your customers that are currently being underused. That's why bpost, The Retail Academy and Gondola Group mapped the omnichannel customer journey, and identified 4 phases:

Inspiration, where you have to inspire consumers to consider buying your products.

Traffic, where you must guide the interested to your products.

Transaction, where you have to ensure that the sale is realized.

Repurchase and Advocacy, where you engage the customer to come again.

For each phase we highlight what you need to focus on, and provide a practical case of a player that excels at that part of the customer journey.

A study by bpost and Gondola Group

Welcome to the omnichannel world

Over 1 out of 5 Belgian companies own a webshop [1]. Online presence is however no guaranteed driver of success, as 28% of Belgian webshops realize less than 12 transactions a year [2]. Remarkably, merely 14.6% of online merchants generate a transaction value of over €100.000 [2].

21%

of Belgian companies own a webshop [1].

28%

of webshops realize less than 12 transactions a year [2].

14.6%

of online merchants generate more than €100.000 in transaction value [2].

The traditional approach to drive sales does not warrant you to flourish in the online universe. Copying strategies from the offline world will only assure you that your webshop will be closer to the 28% handling less than 12 transactions a year. The webshop should be looked at as a critical new touchpoint with a much greater purpose than just a sales channel. It is a means to influence your customer by portraying your brand, and requires a separate tactical approach to guarantee brand success.

In this white paper by bpost, The Retail Academy and Gondola Group, we map the omnichannel customer journey and indicate the essential moments which you need to act on in order to build and leverage your brand in an omnichannel world. Highly applicable insights are given through case studies of international online players that excel in a certain part of the customer journey.

A study by bpost and Gondola Group

What is Brand Equity?

As defined by Farquhar in 1989, Brand Equity is everything that a consumer walks into the store with, Brand Equity represents the value that arises from how consumers perceive your brand. A brand such as Apple for example is perceived as a good looking, high quality brand, enabling the company to charge a premium price for its products. Various elements play a role in the valuation of Brand Equity, including (but not limited to): changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values.

Other than the opportunity to leverage price, Brand Equity is also an important means to attain customer loyalty, as Brand Equity is an important driver of brand love.

Evolutions in the digital world

Do brands still matter? Through the internet, consumers are able to reach any piece of information they want, influencing their buying decision. From complete price transparency to product reviews, an informed decision can be made without even looking at the name of the brand, and the life of brands will only become more difficult with the rise of voice technology. Yet according to Ogilvy, about a third of consumers agree that 'Brands matter a lot' in mature markets such as the US and UK. Other markets such as China and Mexico, brands carry an even greater importance, with over 60% of the consumers stating that brands matter a lot [4].

bpost, The Retail Academy and Gondola Group are convinced that brands are more important than ever. In a world full of fragmentation and chaos, a brand helps you to stand apart. A brand does so much more than advertising to drive sales. Brands convey a message, creating value that can be felt in a personal way.

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In the online world, Brand Equity becomes even more important as you miss the smell & feel element that you have instore. Brand Equity provides the consumer with a security of quality that would normally be achieved through human senses.

Jo De Lange
E-commerce & Digital Director,
Carrefour Belgium

A study by bpost and Gondola Group

Challenges according to experts

bpost, The Retail Academy and Gondola Group asked experts to give their view on brand equity in a increasingly digitised, omnichannel world. The outcomes of these interviews are incorporated throughout the paper, but some insights are too good not to share with you directly.

Jo De Lange
E-commerce & Digital Director, **Carrefour Belgium**

Brands and retailers need to cooperate on data. As a retailer, we know what products consumers are buying, how long it takes to finish these products and much more. Tons of data that needs to be activated.

David Martin
European Digital Sales and Marketing Director, **Coca-Cola European Partners**

There are businesses that are built on other people's money, while there is actually very little unique at what they do. Part of our challenge is to try and effectively filter out where we need to play and win.

Esther Melkebeke
E-commerce Manager, **Unilever Belgium**

The biggest challenge for brands will be voice. The Amazon Dash buttons that we currently see is a transitory technology. In a voice controlled world, Amazon provides a suggestion to the consumer. How will brands then be able to distinguish themselves?
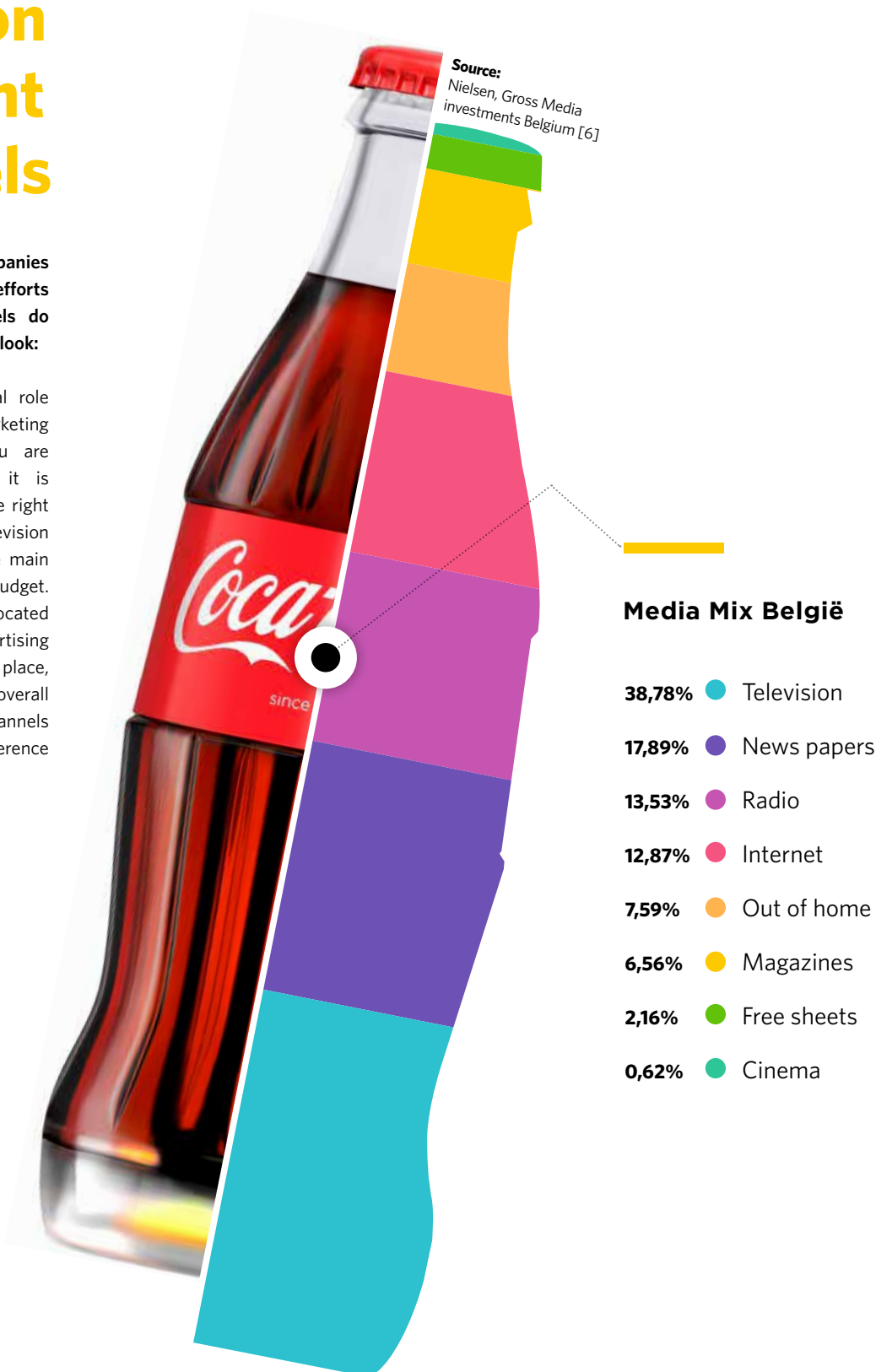
Marc Kolsteeg
Customer & Shopper Insights Manager, **Mars Chocolate Europe**

Categories that are based on impulse such as confectionary face the challenge to create an experience online. The 'fun' of the product is not brought to life. Impulse categories are not always top of mind, the consumer needs to be reminded more often about the products' existence through creating an experience.

A study by bpost and Gondola Group
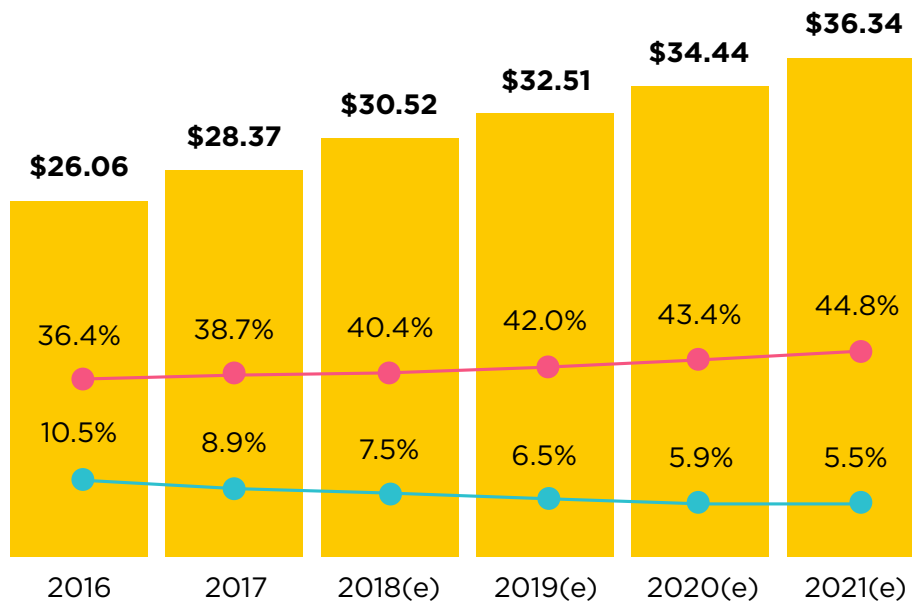
Focus on the right channels

Where are Belgian companies focussing their media efforts on? And what channels do they prefer? Let's take a look:

Media plays an integral role in realizing your marketing ambitions, and as you are limited to a budget, it is essential to focus on the right channels. In Belgium, television continues to absorb the main share of the media budget. Strikingly the budget allocated towards internet advertising only finds itself in the 4th place, claiming only 13% of the overall share. Traditional channels clearly still enjoy the preference of Belgian companies.

Source:
Nielsen, Gross Media investments Belgium [6]

Media Mix België

38,78%	●	Television
17,89%	●	News papers
13,53%	●	Radio
12,87%	●	Internet
7,59%	●	Out of home
6,56%	●	Magazines
2,16%	●	Free sheets
0,62%	●	Cinema

A study by bpost and Gondola Group

Digital ad spending
in the EU-5, 2016-2021

Source: eMarketer: Ad
Spending in the EU-5 (2017)

	2016	2017	2018(e)	2019(e)	2020(e)	2021(e)
Digital ad spending	$26.06	$28.37	$30.52	$32.51	$34.44	$36.34
% Of total media ad spending	36.4%	38.7%	40.4%	42.0%	43.4%	44.8%
% Change	10.5%	8.9%	7.5%	6.5%	5.9%	5.5%

● Digital ad spending   ● % Change   ● % Of total media ad spending

The bigger European nations tend to put more emphasis on digital spending compared to Belgium. If we take a look at the budget allocation of the EU-5 (UK, Germany, France, Italy, Spain), 38,7% of total media spending is currently allocated to the internet. By 2021 this share is even forecasted to increase to 44,8% [7].

Does this imply that spending more on internet advertising lead to better results? Not necessarily. According to the Digital Economy and Society Index (DESI) 2017 issued by the European Commission, Belgium does rather well in terms of digital performance, managing to claim the 6th spot overall. In categories such as total e-commerce turnover of SMEs (enterprises with 10-249 employees with at least 1% of their turnover in e-commerce), Belgium even claims the bronze medal, being the 3th best European performer [8].

While the trend between the EU-5 predicts an overall increase in internet advertising, international giants such as Procter & Gamble and Unilever reduced their digital advertising media budgets by respectively 41% and 59% [9].

Procter & Gamble cut up to **$140** million in digital ad spending

According to Marc Pritchard, P&G's Chief Brand Officer, the cut in spending did nothing to influence sales [10]. P&G ran ads on 1,459 websites between January and May 2016, a number which they reduced to 978. Similarly for Unilever, whose amount of ad sites fell to 540 from 606 sites [11]. The world's biggest advertisers decided to trim the budget as they couldn't be assured that the ads would be positioned next to content that suits their standards and specifications.
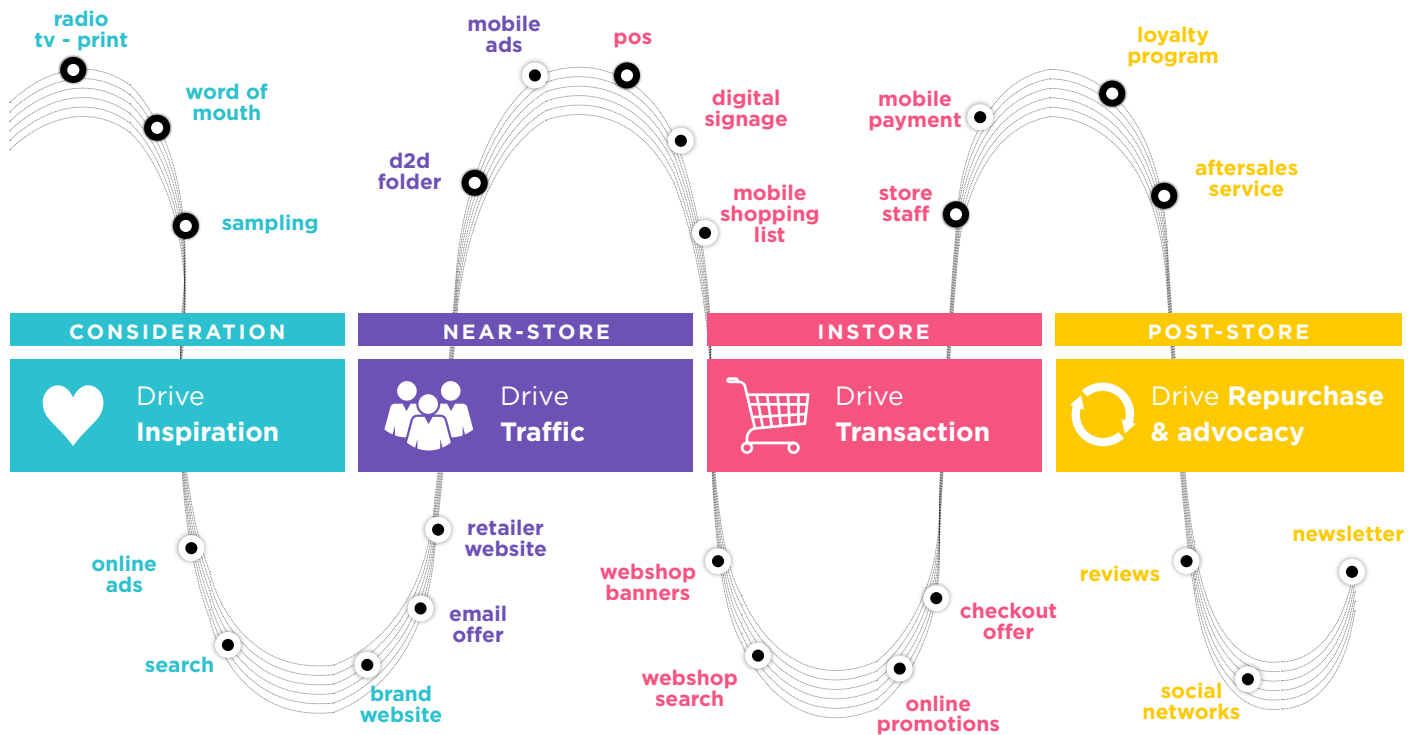
Should you invest in digital advertisement or diminish your budget? The key learning point from P&G and Unilever's case is the importance of focussing your efforts on the channels that are best suited to reach your customer, with the content adapted to fit each specific channel.
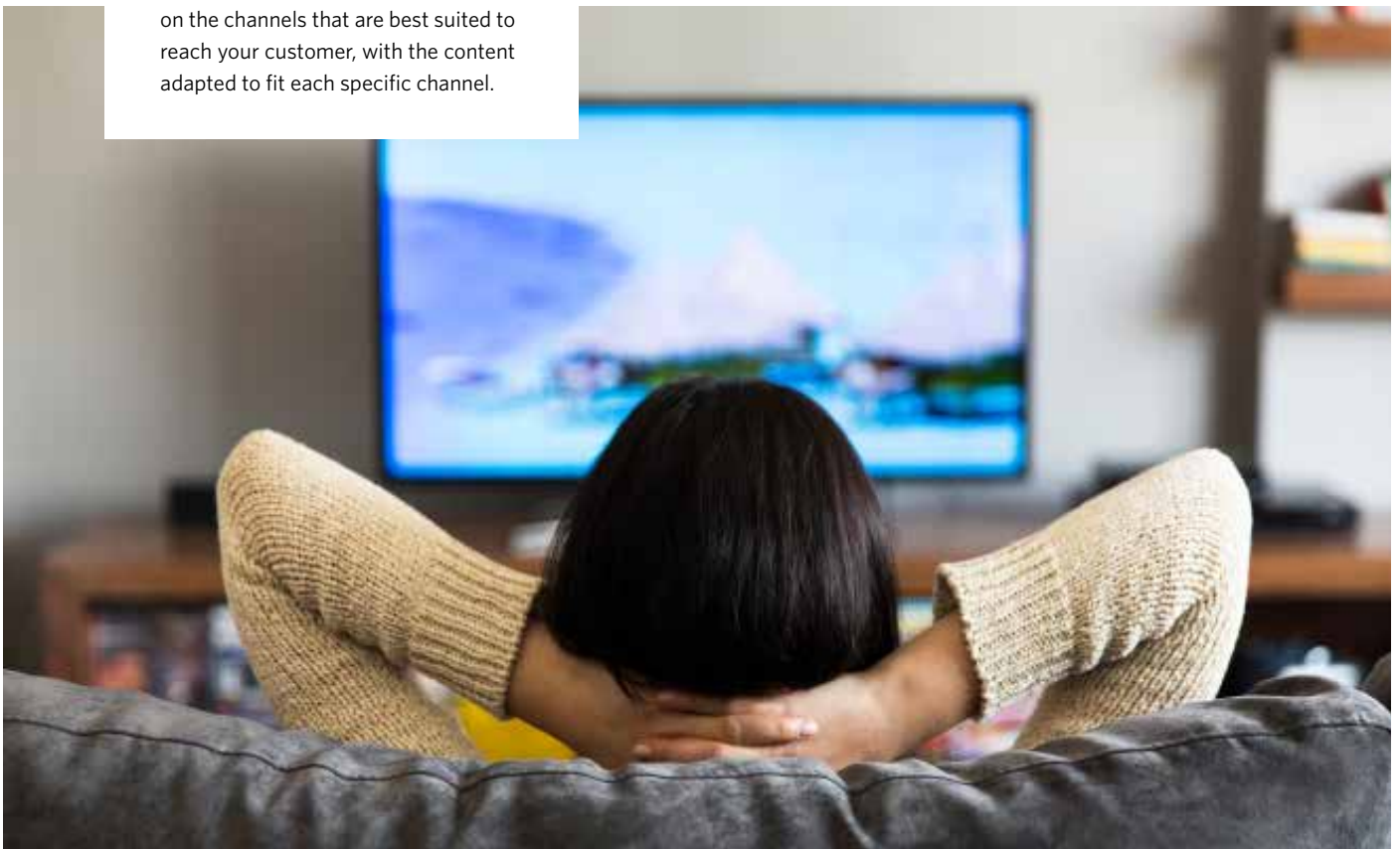
The omnichannel customer journey

Retailer-related
Touchpoints

◯ **Physical** touchpoints
◉ **Digital** touchpoints

CONSIDERATION — Drive **Inspiration**

radio tv - print · word of mouth · sampling · online ads · search · brand website

NEAR-STORE — Drive **Traffic**

mobile ads · d2d folder · retailer website · email offer

INSTORE — Drive **Transaction**

pos · digital signage · mobile shopping list · webshop banners · webshop search · online promotions · checkout offer

POST-STORE — Drive **Repurchase & advocacy**

loyalty program · mobile payment · store staff · aftersales service · reviews · social networks · newsletter

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What channels and touchpoints should your brand focus on? The importance of a channel will differ depending on your audience. Testing and measuring the effectivity of various channels is key in deciding where to focus your efforts. And as consumers today are constantly changing, it is important to reevaluate your decision year in, year out.

In an increasingly omnichannel world the amount of digital touchpoints rises by 20% annually, as more offline consumers shift to digital, and as younger digitally native consumers enter the ranks of buyers [12]. According to Nielsen, store websites and email are currently the most used digital channels in the US, reaching 77% and 75% of households respectively [13]. While traditional touchpoints currently remain the most used by the consumer, digital touchpoints are forecasted to overtake that role by 2019. Unsurprisingly, the Millennials are using these digital touchpoints most often. Generation X is, however, not to be neglected, as they are adopting digital touchpoints at a faster rate than any other generation [13].

Over the omnichannel customer journey, four phases are identified, being: Inspiration, Traffic, Transaction and Repurchase. Each phase plays its distinct role in a brand's success. The Retail Academy, Gondola Group and bpost provide concrete cases on how successful brands approach these phases, key insights you might want to consider for your brand strategy.

1. Drive Inspiration

Objective: Make it to the consumers' initial consideration list

69%

of brands eventually purchased origin from the consumers initial consideration set [14].

63%

of Belgian consumers know the brand they like, and are most likely to buy [15].

How?

- To earn 'initial consideration' you need to go well beyond getting shoppers to be aware of your brand name. Consumers need a clear sense of the unique benefits and value that your products adds in order to be a part of the shortlist that is thought of as the consumer starts its journey towards a purchase.

- Initial consideration is built across two horizons of marketing engagement:

  1. First, you'll need new ways of boosting broad awareness of your products, services, and brand — likely using major media or social channels — that give consumers a reason for learning more about your brand.

  2. Second, an innovative approach is needed to translate simple awareness to actual consideration. Your website allows the opportunity to convey a fuller picture of the brand's value through creative interactions.

- Use channels to communicate on new product launches, services, and brand news. The previous interaction a potential customer had with a brand, is the most important touchpoint for driving consideration. It is therefore important to maintain a conversation. News about a brand keeps the consumer engaged, and is a powerful trigger to make it to the initial consideration list.

CASE / L'OREAL

Cosmetics firm L'Oréal recognized the potential to interact with their customers through content marketing, which in this case revolved around the application of makeup. The online platform Makeup.com was launched, housing content from editorial staff and a network of vloggers communicating on tips, tricks and tutorials teaching the right way to apply makeup.

By focussing on an interactive content based platform, L'Oréal presents itself as an approachable brand, and no longer as a distant cosmetic giant. A new digital touchpoint was created to interact with consumers in a way that feels more friend-to-friend than seller-to-buyer. Being present and active where your consumer is, plays an essential role in your chances of ending up on the 'initial consideration list'.

2. Drive Traffic

Objective: Activate your customer
by ensuring an easy route to your products

60%

of every brick-and-mortar spending is digitally influenced [16].

55%

Retail platforms are being used more and more as a search tool. In the US, 55% of consumers already start their product search on Amazon [17].

How?

- Get to know your customer by mapping their customer journey. Figure out the most relevant digital channels by testing & measuring what is most effective for your business. Use these insights to build your ecosystem.

- 'SEO is dead' has been uttered for years now, on the contrary, SEO and SEA are more important than ever. In the digital age, a brand's visibility depends on the algorithm of a search engine. Make sure to understand how marketing to machines works, and that does not only imply the Google algorithm. If more than half of your shoppers start their product search on marketplaces such as bol.com, you might want to consider your presence on that platform.

- Remember the ROPO behaviour (Research Online Purchase Offline)! Consider the (retailer) webshop as key touchpoint where prospects and customer plan for their instore shopping.

CASE / WAYFAIR

In the furniture industry, a US based pure player called Wayfair excels in driving traffic to their online store. Wayfair is known to spend aggressively on search, occupying 13% of Products Listing Ads related to the word 'furniture', making them the most visible brand in the furniture branche [18].

The online furniture retailer does not neglect traditional media, spending up to $72 million on television in 2016 [19]. Overall Wayfair loses roughly $10 for every new customer it acquires [20].

Wayfair is forced to spend heavily on establishing its brand, as only 9% of its traffic is generated through an organic search driven by the brand name [21]. That the company's revenue increased by 40% in the first 9 months of 2017 compared to previous year might suggest that they are running a winning strategy, although the cost of approach to drive traffic must not be neglected [22].

3. Drive Transaction

Objective: Drive conversion at the moment of purchase

74%

of retail shoppers abandon online purchases after adding item(s) to the cart [23].

2.5X

Companies with superior digital capabilities were able to convert sales at a rate 2.5 times greater than companies with lower capabilities [12].

How?

- Fix and constantly optimise the basics for your brand products on the webshop making them easy to find, select and buy (cfr optimal packshots, taxonomy, product names & descriptions).

- Problems with unforeseen extra costs are often cited as a reason to abandon basket. Consumers need to be stimulated to complete their purchase, not discouraged.

- Checkout process needs to be as effortless as possible for all devices. The average mobile checkout process, for example, is three pages long, with just 14% of Direct To Consumer (DTC) brands offering a single-page checkout [24].

CASE / MOBILE READY HERO IMAGES

On paper, optimizing conversion should be the simplest step to execute, as it is all about getting the basics (packshot, taxonomy, description, one-page-checkout) right. Yet in reality the basics often leave a lot to be desired.

Unilever initiated a solution called Mobile Ready Hero Images in which a set of standards are defined to optimize packshots. According to these standards, the packshot should include a medium zoom on the brand and ensure visibility on the product type and size. When testing these guidelines compared to regular packshots, a significant uplift in sales was found [25].

Sales uplift resulting from the application of Mobile Ready Hero Images standards.

4. Drive Repurchase and Advocacy

Objective: Facilitate routine building, drive loyalty and stimulate word of mouth

5x

Acquiring a new customer is anywhere from 5 to 25 times more expensive than retaining an existing one [26].

13%

of consumers repurchase the same brand without shopping. 29% go shopping, but ultimately turn back and buy their incumbent brand [27].

How?

- Track customer preferences and personalize their experience. In our previous white paper 'Rethinking Retail – Artificial Intelligence and Robotic Process Automation', The Retail Academy and Gondola Group spoke about the ability to personalise the recommendations made by your online search engine. [28] In the same way, the home page should be personalised towards a visitors profile. Major Dutch e-tailers such as bol.com and Coolblue already make sure their visitors are provided with personalised content as soon as they land on their platforms.

- Successful players gain further momentum as they build up positive word of mouth on social media, influencing the initial consideration phase of new & existing customers. Social Media interaction encourages 40% of Belgian consumers to endorse a brand more than they usually would [15].

CASE / STITCH FIX

Stitch Fix is a subscription based clothing service that delivers a personalised set of clothes directly to your home. Customers can then try out the clothes, and are free to retour the package if the clothes do not suit their wishes.

While traditional subscription models such as Dollar Shave Club failed to live up to their hype, Stitch Fix separates themselves through a great partnership between data analysis and human intelligence. While data provides the preferences of their consumers, it is the stylist in the end who decides what clothes are sent.

In November 2017, Stitch Fix counted 2.2 million subscribers, of which 86% bought at least 1 item out of the set they receive every month. Even more astonishing is that out of every 'fix' sent, 85% of consumers provided Stitch Fix direct feedback. Indicating that consumers are willing to trade information in exchange for personalisation [29].

A study by bpost and Gondola Group

Where to go from here?

Brand Equity becomes even more important with the challenges brands face in an omnichannel world. Fortunately there are more opportunities than ever to differentiate yourself, with no single brand wielding exactly the same digital strategy. bpost, The Retail Academy and Gondola Group defined a couple of elements that the most successful online players have in common:

1. **Be accessible** – Make sure that (potential) customers are easily guided to your brand. Presence and visibility in the right channels is key.

2. **Test & measure** – Test and measure what channels work for you, be agile and prepared to adapt when needed.

3. **Seamless checkout** – Ensure a fluent road to conversion at all times. The checkout page should always be nearby and take the least amount of effort imaginable to complete.

4. **Integrate online and offline experience** – Be consistent in the story that your brand is telling. Offer a seamless, personalised experience over all channels, be it digital or physical.

Final tip from the experts

David Martin, European Digital Sales and Marketing Director, **Coca-Cola European Partners:**
"Brand owners need to think more end to end. There is still interesting stuff that you can do in the last mile as a marketing tool. It is a massively unexploited area at the moment. I would love to be able to go to doorsteps to sell a cold bottle of Coke on a hot day."

**Jo De Lange,** E-commerce & Digital Director, **Carrefour Belgium:**
"DO EVERYTHING. If your budget is limited then you test, and you test everything. I'm a fan of being agile. Small scale, small budgets and a lot of testing. "

Marc Kolsteeg, Customer & Shopper Insights Manager, **Mars Chocolate Europe:**
"Personalisation is often done on product level, but should also be applied in the organisation of the webshop. The whole experience within a channel needs to be optimised towards a customers' preferences, not just a single aspect of it."

Esther Melkebeke, E-commerce Manager, **Unilever Belgium:**
"Everything done in a sales environment should have a brand element and vica versa. All brand activity should include the ability to click and buy."

A study by bpost and Gondola Group
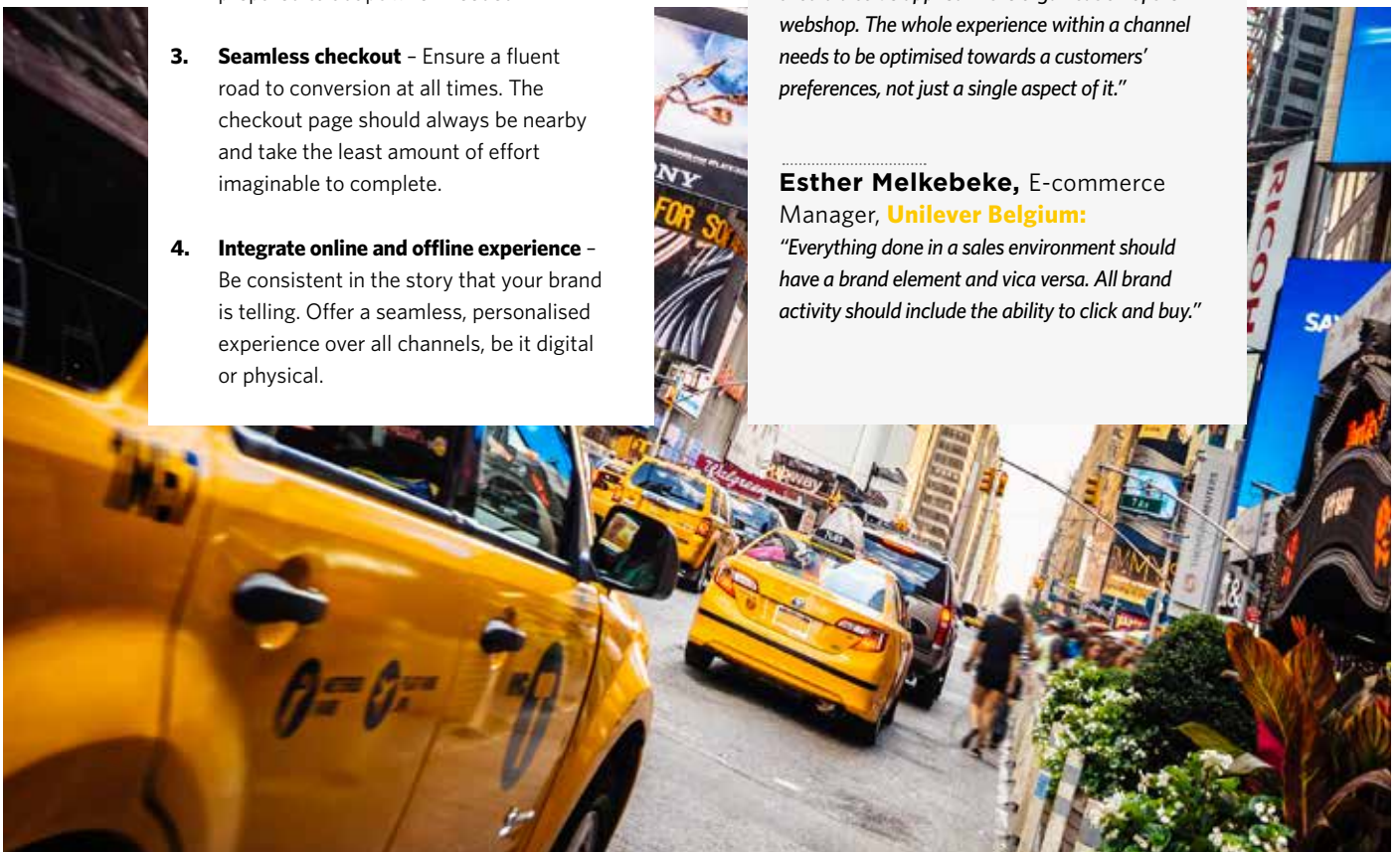
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