

SNAPSHOT REPORT

# Marketing Trends across Retail and Consumer Goods

Insights from over 570 marketing  
leaders in the retail and consumer  
goods sectors worldwide

**salesforce** research





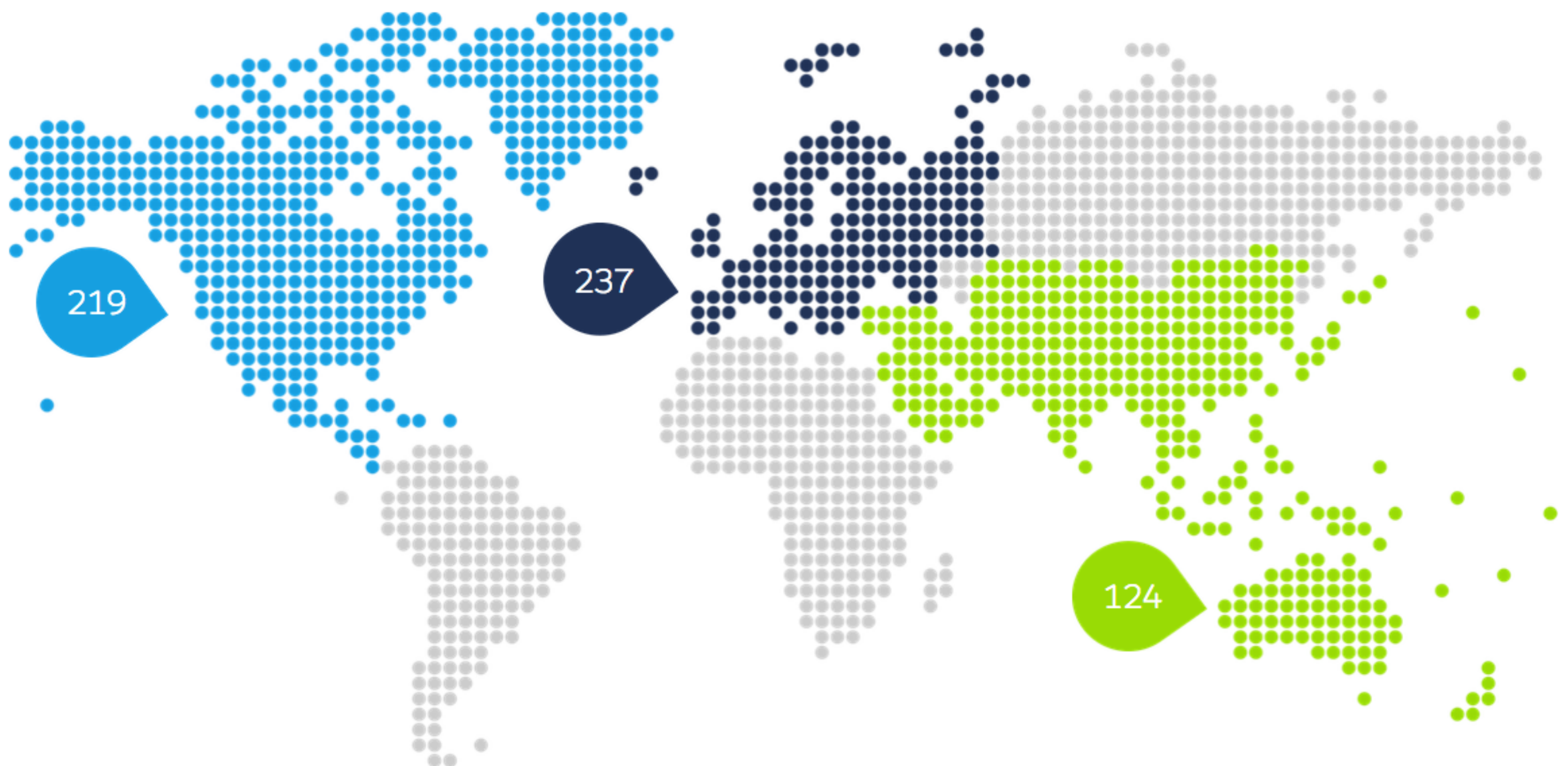
# About This Report

Salesforce Research surveyed over 570 marketing leaders in the retail and consumer goods sectors to discover:

- How top marketers are collaborating cross-functionally for more connected customer experiences
- How increased mobile usage and emerging tech are impacting the consumer path to purchase
- In which ways personalized and predictive customer journeys drive customer loyalty and bridge the digital-physical divide

Throughout this report, high-performing marketing leaders are defined as those who are extremely satisfied with the current outcomes realized as a direct result of their company's marketing investment.

Data in this report is a subset of findings from the fourth annual "State of Marketing" study conducted in April 2017. The blind survey generated 574 responses from full-time marketing leaders (those holding a manager or higher leadership role within their organization) in the retail and consumer goods sectors in the U.S., Canada, Brazil, U.K./Ireland, France, Germany, the Netherlands, Japan, and Australia/New Zealand. All respondents are third-party panelists (not limited to Salesforce customers). Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).



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# About This Report

High-performing retail and consumer goods marketing teams represent 14% of the overall retail and consumer goods survey population. Marketers surveyed include B2B, B2C, and B2B2C teams.



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# Introduction: Retail and Consumer Goods Marketers Chart New Territory

Marketers tasked with selling products to consumers are entering uncharted territory. Retailers and brands recognize that the formula of a catchy ad, prime location, or big-box store partnership is no longer enough. Those who are finding success in this new age are following new formulas – and the key component is experience.

Retail and consumer goods marketers know that the digital consumer experience is mobile at every lifecycle stage. Consumers are on mobile from their initial considerations while surfing the web to deeper levels of engagement on mobile apps, purchasing on ecommerce, and sharing praise or complaints on social channels.

Today's retail marketers are faced with a constantly evolving path to purchase since consumers engage with brands across an ever-growing number of channels and touchpoints. To adapt, marketers continue to pursue the much-talked-about single customer view. Armed with this customer insight, they can deliver journeys that span not just marketing channels, but touchpoints including ecommerce, service, sales, and in-store personnel.

Retail and consumer goods marketers are on a journey to engage the consumer in a whole new way. We hope this report offers signposts for marketing teams to find a path forward in changing times.



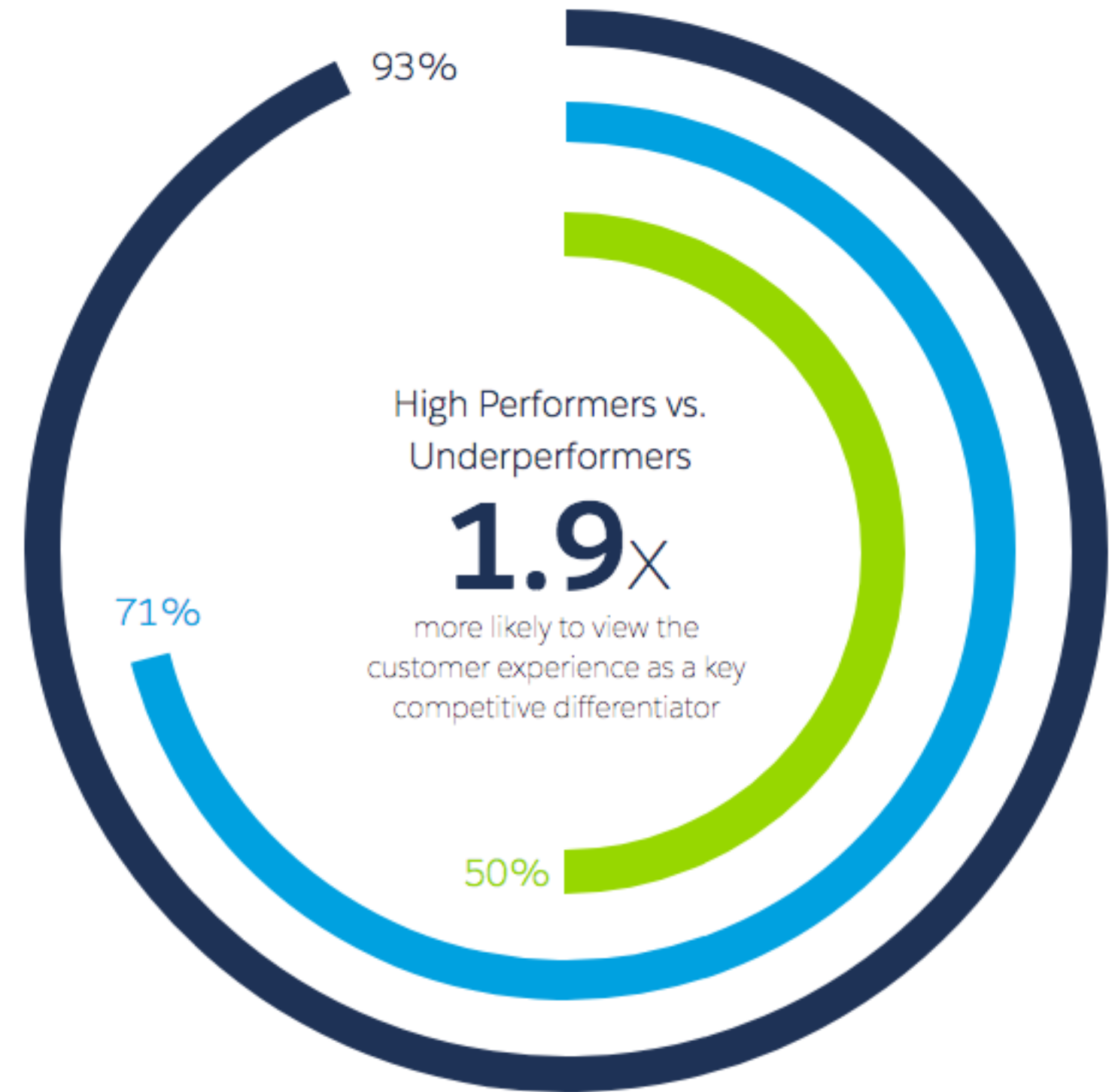
# 01 Customer Experience Is the Battleground of Retail and Consumer Goods

Perhaps more than any other industries, the retail and consumer goods sectors face the difficult task of meeting customers across every touchpoint. Seventy-five percent of consumers expect companies to provide a consistent experience wherever they engage (for example, website, social media, mobile, in-person). And 66% of consumers even say they're likely to switch brands if a company treats them like a number instead of an individual.\*

The stakes are high for delivering great customer experiences. Top retail and consumer goods marketers understand that, and they're banking on customer experience to help them differentiate from their competitors.

**70%** of retail and consumer goods marketing leaders say they're increasingly competing on the basis of customer experience.

## Positive Customer Experiences Separate Top Performers from Underperformers



- High-performing retail and consumer goods marketers
- Moderate-performing retail and consumer goods marketers
- Underperforming retail and consumer goods marketers

\* "State of the Connected Customer," Salesforce Research, October 2016.



# 01 Customer Experience Is the Battleground of Retail and Consumer Goods

Meeting the elevated expectations of consumers is no easy feat for retail and consumer goods marketing leaders. Their primary challenges in creating a connected customer experience include:

- 1 | Budgetary constraints
- 2 | Creating a shared, single view of the customer
- 3 | Difficulty leveraging data from different sources

Marketing can't tackle disconnected customer data on its own. From customer service to sales, each business unit plays a role in how consumers perceive a brand. But marketing is increasingly called upon to own the digital customer experience – and that requires working with many other business units to cultivate consistency.

## Top Retail and Consumer Goods Marketers Take Charge of the Total Customer Experience





## 02 Collaboration across Business Units Fuels Connected Customer Experiences

Consumers have big expectations for how companies should engage with them, regardless of which department they interact with on a given day. Eighty-one percent expect companies to provide the same level of service across every interaction (whether with marketing messages, in-store sales associates, or customer service agents). If they don't receive that same level of service (for example, if a marketing message is inconsistent with their in-store experience), 73% are likely to switch companies.\*

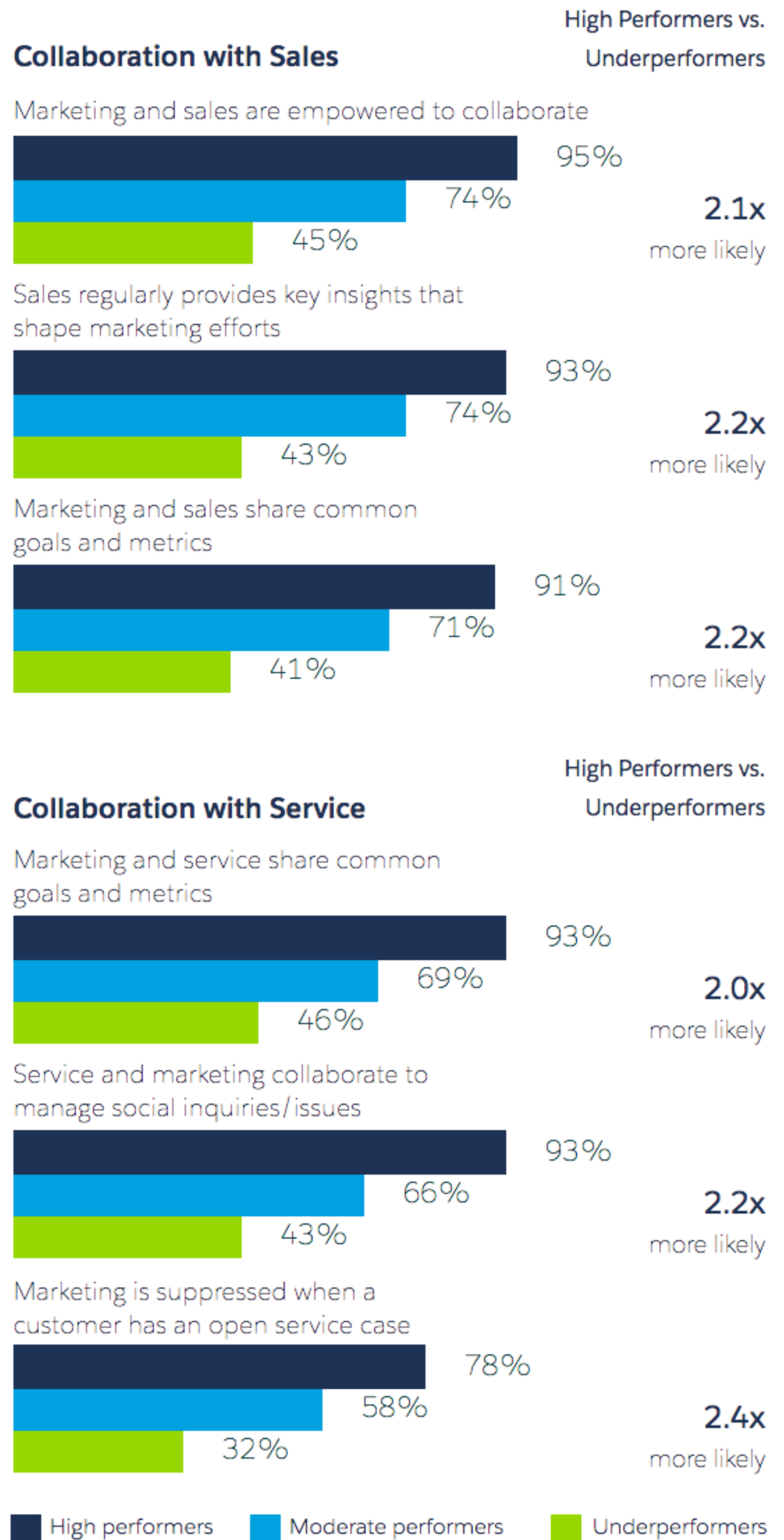
But current circumstances aren't ideal for collaboration; only 24% of retail and consumer goods marketing leaders say their current tech stack is extremely effective at driving collaboration across the business.

While 71% of all retail and consumer goods marketing teams are actively mapping the customer journey across their company, a majority (68%) believe customer journey strategies require an organizational shift in the way they collaborate with sales and service teams.

### High-Performing vs. Underperforming Marketers in Retail and Consumer Goods

**2.4x** more likely to say they're mapping the customer journey across the company.

### Percentage of Retail and Consumer Goods Marketers Who Strongly Agree or Agree with the Following



\* "State of the Connected Customer," Salesforce Research, October 2016.



## 03 Top Teams Separate from the Pack with a Single Customer View

Over the past 12–18 months, 65% of retail and consumer goods marketing leaders have become more focused on creating a shared, single view of the customer. This proactive planning couldn't come at a better time, as 72% of consumers now fully expect companies to understand their needs and expectations.\*

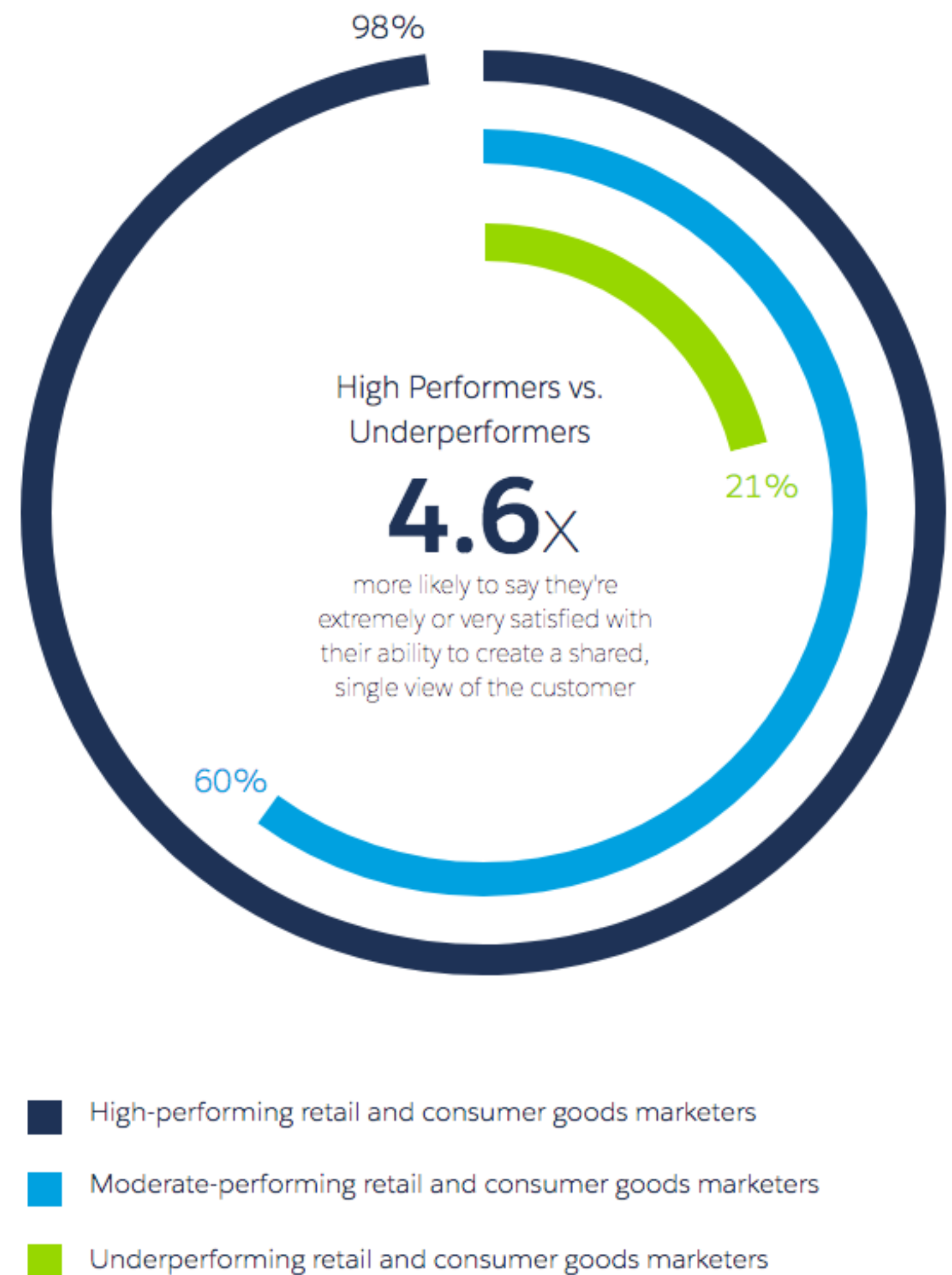
While 61% of retail and consumer goods marketers are very satisfied with their ability to create a shared, single view of the customer, top teams are far ahead of the pack. High performers are 2.3x more likely than underperformers to say their current tech stack is extremely or very effective at delivering a more cohesive view of customer data.

### High-Performing vs. Underperforming Marketers in Retail and Consumer Goods

**2.7x** more likely to say they've integrated their ERP, CRM, marketing platforms, and other business systems to create a shared, single view of the customer.

Considering top marketers across all industries say their top challenge in shaping a connected customer experience is creating a shared, single view of the customer, high-performing retail and consumer goods marketing leaders are doing their part to stay ahead of the curve.

### Top Retail and Consumer Goods Marketers Are Happy with How They Create Connected Experiences



\* "State of the Connected Customer," Salesforce Research, October 2016.



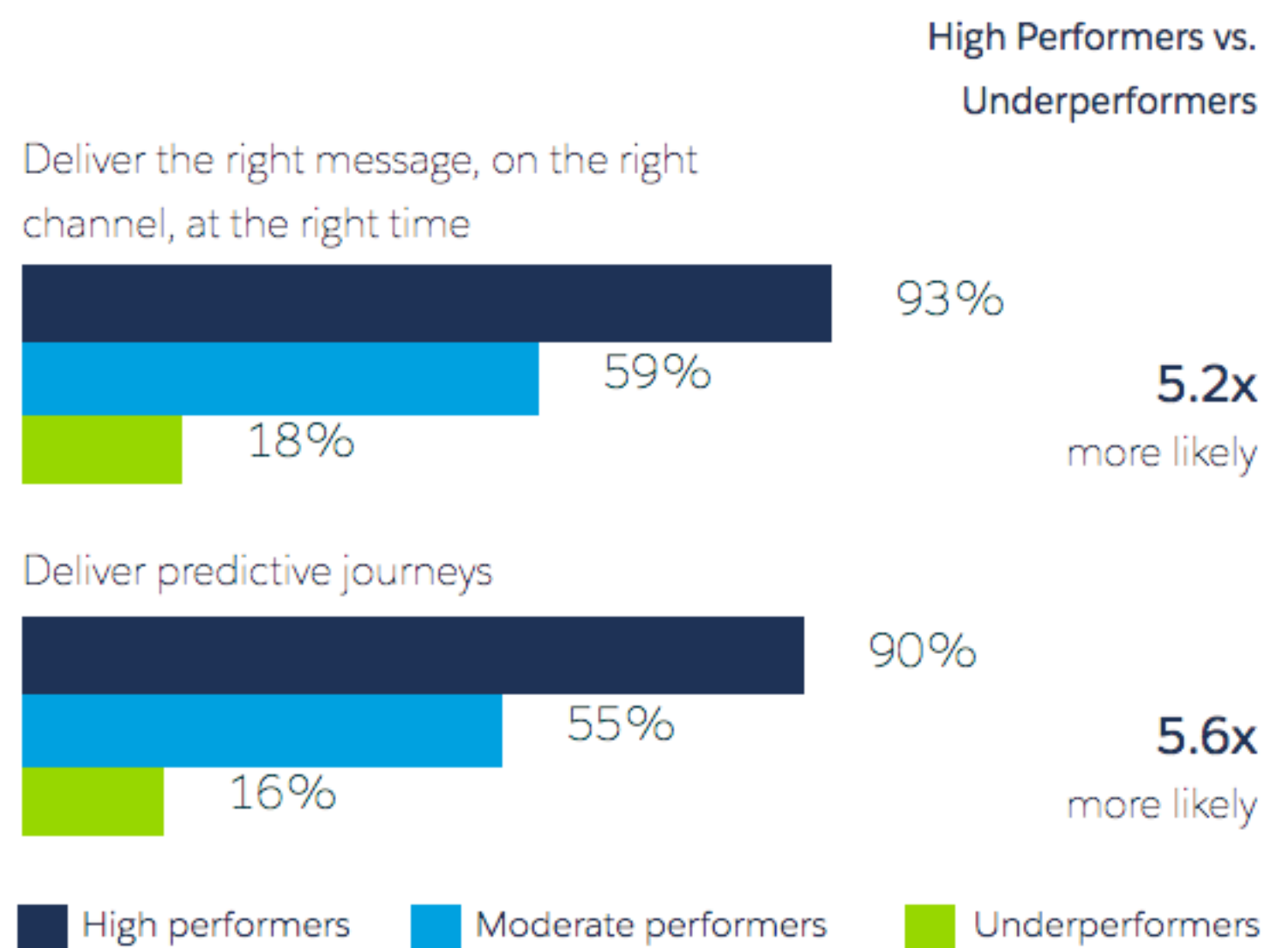
# 04 Marketers Narrow Focus on Creating the Most Effective Customer Journeys

The “Amazon effect” (so called for the ecommerce giant's ultra-personalized online selling model) has made consumers flock to the most personalized and digitally-savvy experiences they can find. In return, they'll give their continued loyalty.

To keep pace, 66% of retail and consumer goods marketing leaders have become focused on providing just-in-time, hyper-personalized customer experiences over the past 12–18 months. This bodes well with consumers, 65% of whom say their loyalty is influenced by companies sending personalized or exclusive offers/discounts.\*

As retailers increase and track personalization, there's room to improve the accuracy of predicting customer needs. Currently, **63% of retail and consumer goods marketing leaders say they're focused on creating predictive journeys.**

## Percentage of Retail and Consumer Goods Marketers Who Are Extremely or Very Satisfied with Their Ability to Do the Following



\* “State of the Connected Customer,” Salesforce Research, October 2016.



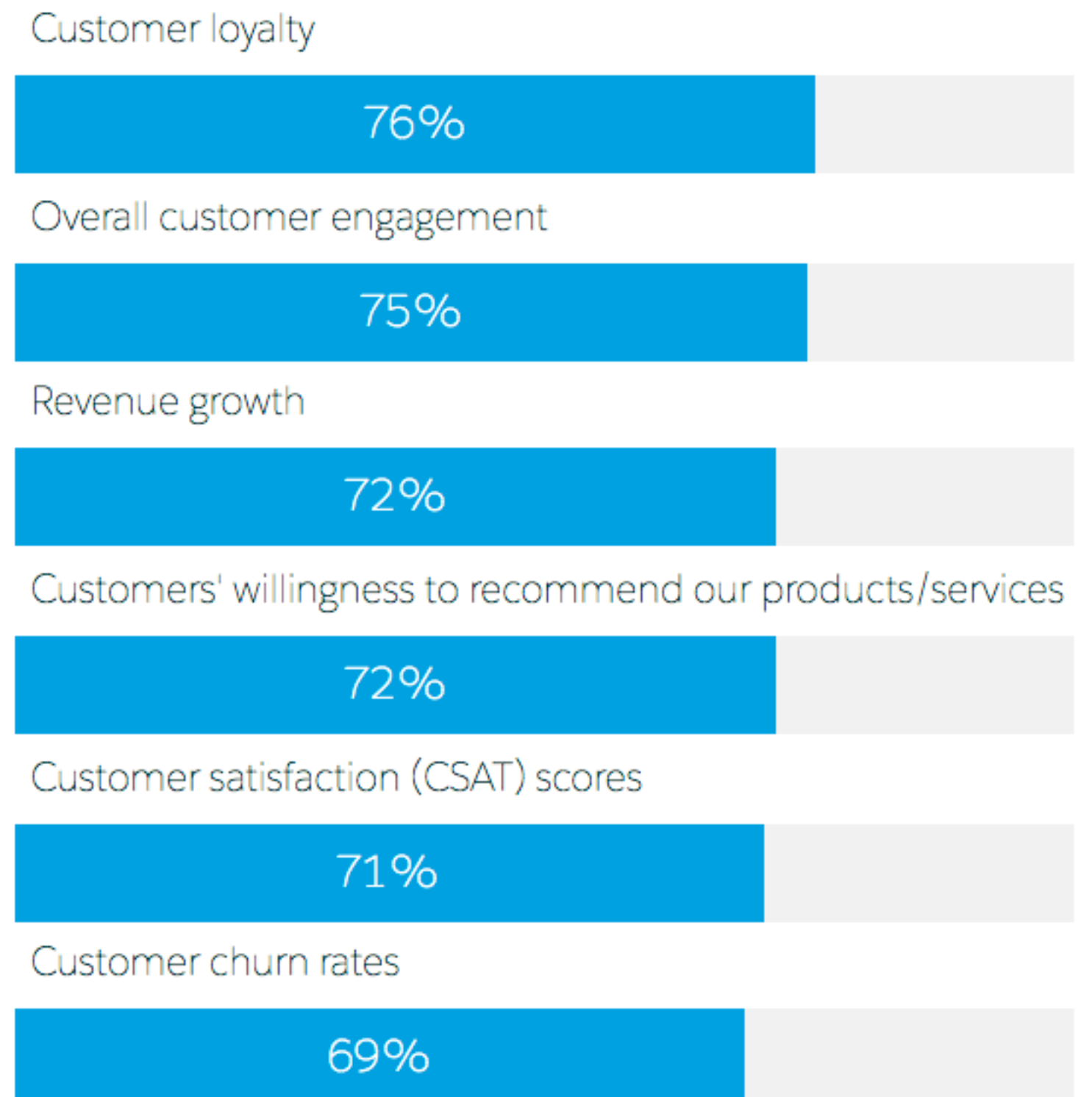
## 04 Marketers Narrow Focus on Creating the Most Effective Customer Journeys

While the concept of customer journeys was new a decade ago, it's now top of mind. A majority of retail and consumer goods marketing leaders (71%) believe it's the primary vehicle for improving the customer experience. Further, 72% have become more focused on providing customers with a consistent experience across every channel (for example, in-store, online, email, mobile, social) over the past 12–18 months.

Most retail and consumer goods marketers (67%) have already adopted a customer journey strategy as part of their overall business strategy. In fact, **66% say they're aligning marketing roles to a customer journey strategy, versus traditional roles** (for example, by marketing channel or function).

Creating a connected customer journey has many benefits, but the biggest impact for retail and consumer goods marketers is driving customer loyalty. The more connected and personalized the customer experience, the more devoted customers will be to your brand.

### Percentage of Retail and Consumer Goods Marketing Leaders Who Say a Connected Customer Journey Positively Impacts the Following





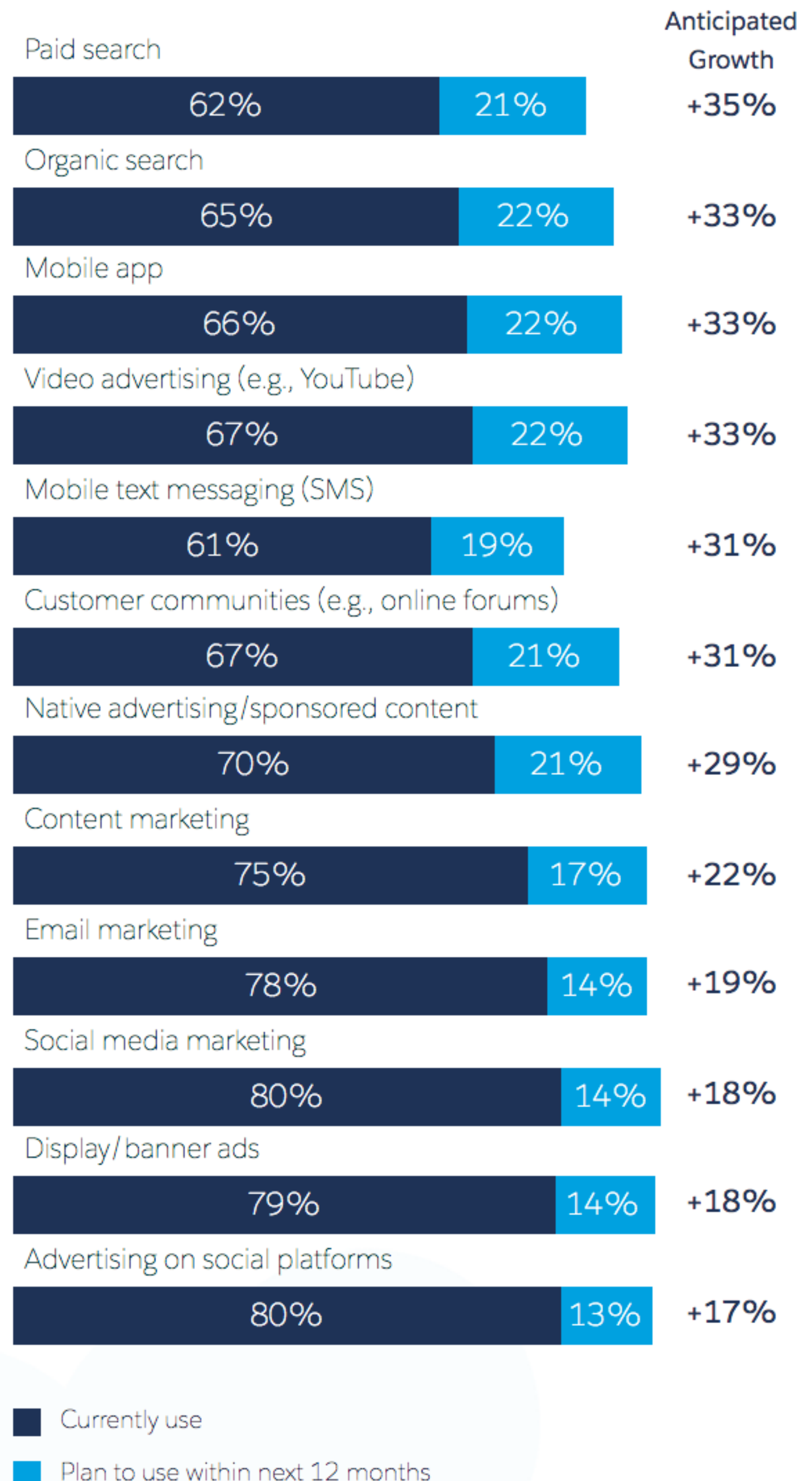
# 05 Channel Growth Increases, but Requires Coordinated Customer Journeys

As consumers increasingly divide their time across multiple channels, retail and consumer goods marketers are right on their heels. **Over the past 12–18 months, 68% of retail and consumer goods marketing leaders say they’ve been more focused on expanding marketing efforts across channels and devices.** Social media is particularly valued among retail and consumer goods marketers, and over the next 12 months, they expect growth in mobile and search to exceed 30%.

This channel-diverse consumer behavior makes it crucial for marketers to maintain and increase an omni-channel presence across physical and digital touchpoints. After all, even as ecommerce sales skyrocket, brick-and-mortar locations will still function as showrooms.

To bridge this digital-physical divide along customer journeys, continuity and context are critical.

## Top Retail and Consumer Goods Marketing Channels for Anticipated Growth in the Next 12 Months





## 05 Channel Growth Increases, but Requires Coordinated Customer Journeys

To succeed, retail and consumer goods marketers must have a clear understanding of how customer journeys flow across multiple touchpoints to personalize messages, customize offers, and increase conversions.

**63%** of retail and consumer goods marketing leaders say they're very satisfied with their ability to create personalized omni-channel customer experiences across all business units (e.g., sales, service, marketing).

But there's a disconnect between what they say and what they do. More than half say they still broadcast identical messages from one channel to another. As consumers increasingly expect more contextualized experiences (see section 4), duplicating messaging from channel to channel isn't enough.

### At Least Half of Retail and Consumer Goods Marketers Repeat the Same Messages across Channels

Social media marketing

35% 50% 14%

Advertising on social platforms

32% 50% 18%

Email

31% 51% 18%

Mobile marketing (e.g., SMS, push notifications)

29% 50% 21%

Website

29% 53% 18%

Customer communities

28% 50% 22%

Video advertising

26% 55% 19%

Native advertising/sponsored content

24% 56% 20%

Display/banner ads

23% 57% 20%

Paid search

23% 55% 22%

Organic search

22% 52% 26%

- Messages evolve from channel to channel in a hyper-personalized manner based on customer actions
- Identical messages are broadcast from this channel to other channels
- No coordination between this channel and other channels



## Spotlight: Mobile Transforms the Traditional Shopping Journey

Mobile technology isn't new – but it is increasingly the go-to medium of shoppers, making it all the more central to consumers' paths to purchase. Smartphones have a tremendous impact on how consumers evaluate and buy products and services. Fifty-two percent of Millennial consumers say it's absolutely critical or very important to have the ability to shop via their mobile device, and 43% of them even say they prefer to make purchases in a mobile app over a more traditional ecommerce site.\*

Retailers should view mobile-centricity as an opportunity, rather than an impediment to success. **Top retail and consumer goods marketers are 7.6x more likely than underperformers to say SMS is absolutely essential to creating 1-to-1 marketing across every touchpoint.** They're also 3.2x more likely to say the same for mobile apps.

### Mobile App Spend Is on the Rise for Retail and Consumer Goods Marketers



### Retail and Consumer Goods Marketers Say These Are the Top Benefits of Coordinating Their Email and Mobile Marketing\*\*

Higher engagement rates

39%

Improved awareness

38%

Improved customer acquisition

31%

\* State of the Connected Customer survey, Salesforce Research, June 2016. Data may or may not be represented in the "State of the Connected Customer" report.

\*\* Partial list.



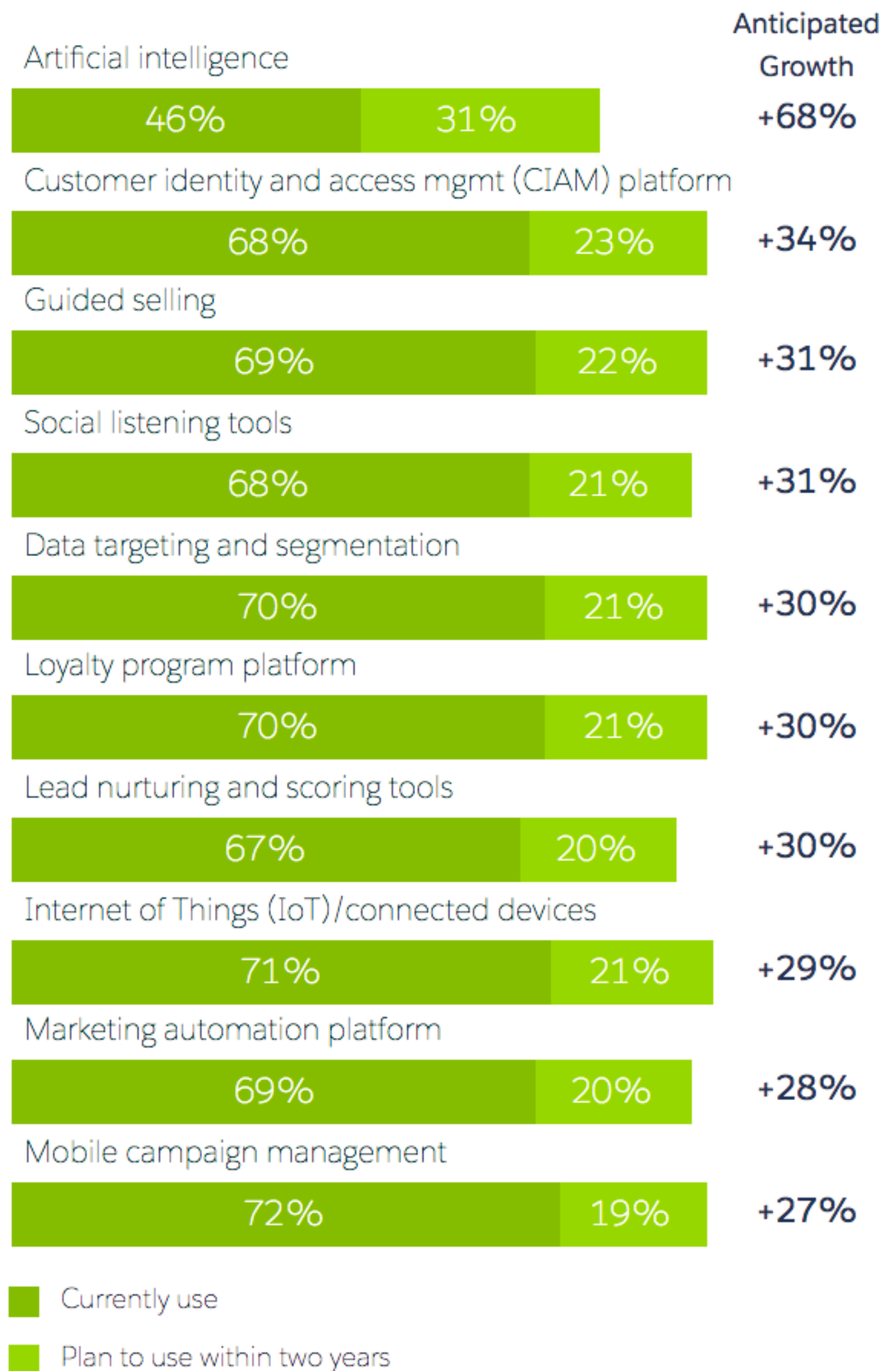
## 06 Artificial Intelligence Paves the Way for Growing Tech

Retail and consumer goods marketing leaders say the top three technologies that are absolutely essential to creating 1-to-1 marketing across every touchpoint are CRM systems, marketing analytics and measurement tools, and social publishing tools. But a new wave of tech is rising in the near future. AI is at the top of this list, perhaps for its ability to aid retail and consumer goods marketers in more accurately predicting customer needs and making intelligent recommendations.

By 2020, 47% of consumers say they expect companies to use AI to automatically purchase or recommend products based on their preferences. What's more, 51% of consumers say that by 2020 they expect companies to anticipate their needs and make relevant suggestions before they need to contact them.\* For retailers in an increasingly digital landscape, this is akin to providing a web experience that mirrors the personalized, proactive service customers expect from in-store associates, with the key difference of relying on data instead of visual cues.

**Currently, 47% of marketers in the consumer goods sector are using AI, with 71% anticipated growth over the next two years. Retail marketers aren't far behind, with 44% currently using AI and 66% growth expected in the next two years.**

### Marketing Technologies with the Highest Anticipated Growth Rates in the Next Two Years for Retail and Consumer Goods\*\*



\* State of the Connected Customer survey, Salesforce Research, June 2016. Data may or may not be represented in the "State of the Connected Customer" report.

\*\* Partial list.



## 06 Artificial Intelligence Paves the Way for Growing Tech

Emerging technology has elevated consumer expectations for individually tailored and increasingly predictive experiences. Fifty-eight percent of consumers say technology has significantly changed their expectations of how companies should interact with them.\*

Retail and consumer goods marketing leaders are leveraging AI to accelerate their ability to meet these demands. While consumer perspectives on the use of personal data were previously negative and guarded, the personalized experiences they've come to expect have triggered changing attitudes in recent years. In exchange for sharing personal information, consumers demand superior customer experiences – and marketers' investments in AI will empower them to deliver.

Retail and consumer goods marketing leaders have been more focused on creating hyper-personalized customer experiences in the past 12–18 months. With AI at the helm, meeting consumer expectations for ultra-personalized and predictive experiences is attainable.

### Top Marketing Practices Where Marketers Believe AI Will Have the Most Transformational or Substantial Impact within the Next Five Years\*\*

#### Consumer Goods

Hyper-personalization at scale

66%

Hyper-personalized product recommendations

64%

Customer segmentation / lookalike audience modeling

64%

Delivering the right message, on the right channel, at the right time

63%

#### Retail

Predictive journeys

63%

User-generated content

61%

Digital asset management

61%

Hyper-personalization of content

61%

Business insights across data and systems

61%

Programmatic advertising and media buying

61%

\* "State of the Connected Customer," Salesforce Research, October 2016.

\*\* Partial list.

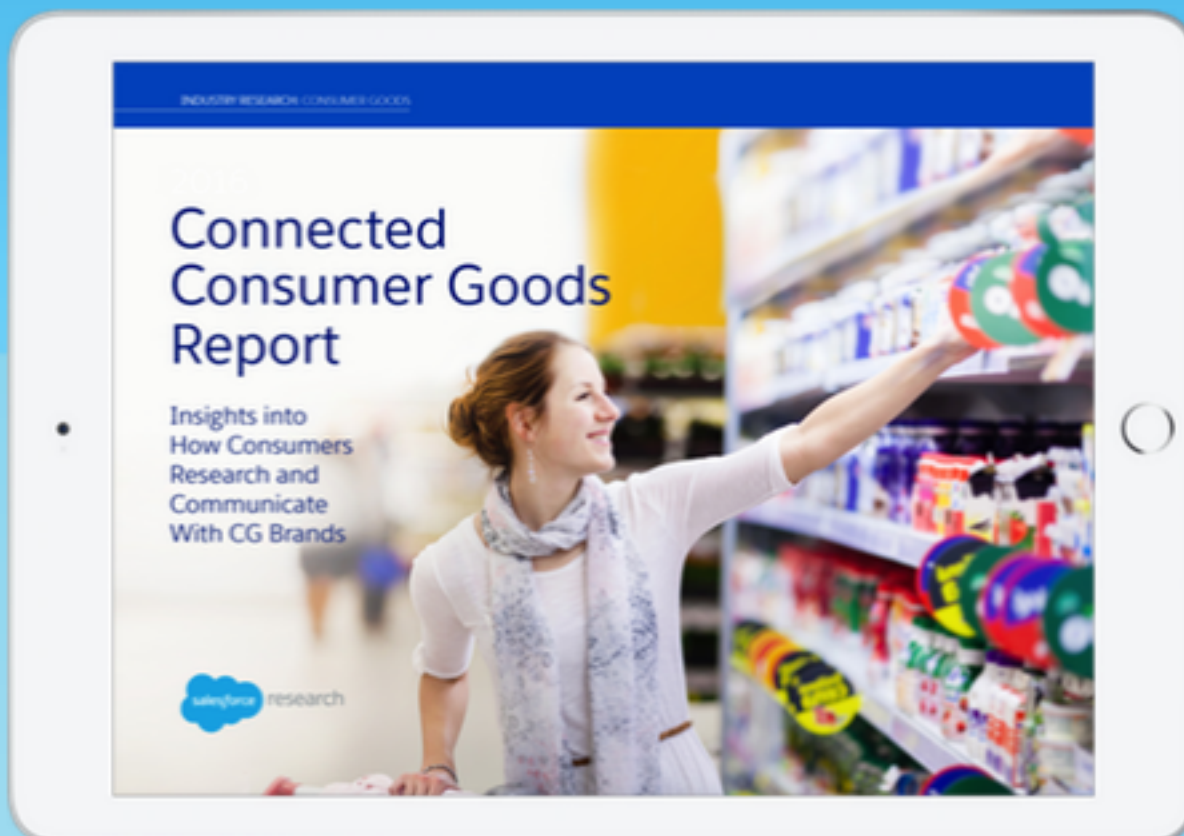


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