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GOING FOR GROWTH IN TRANSFORMATIVE TIMES

7 TAKEAWAYS FROM SHOPTALK EUROPE 2023

SHOPTALK 2023

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INTRODUCTION

Shoptalk Europe, held in Barcelona, brought together over 3,000 attendees from the world's biggest and rising retailers and brands, start-ups, tech companies, investors, media, and analysts, to build tomorrow's digital transformation.

VMLY&R COMMERCE was there, speaking on the main stage and moderating discussions, but also listening to the commerce change-makers and identifying key themes.

What we heard was that this is an **age of fluidity** for marketers – fluid channels, fluid consumers/shoppers, fluid technology. In the midst of this change, we drew out seven takeaways, and seven actions to consider.

1. **GROWTH IS SHIFTING AND HARDER TO NAVIGATE.** Growth is now 'in the gaps'.
2. **INTEGRATION OF SALES AND MARKETING IS FUNDAMENTAL.** The D-Day for integration has arrived.
3. **CLARITY OF BRAND POSITIONING AND VISION IS CRITICAL.** In a complex world, knowing your North Star is more essential than ever.
4. **PLAN FOR GENERATIONS, NOT JUST THE NEXT QUARTER.** Do family-run businesses have it right?
5. **A NEW DIMENSION TO MARKETING - MOOD.** One of the emerging tech tools for a new age.
6. **CONTENT SHOULD BE A DESTINATION IN ITSELF.** The clear case for engagement over interruption.
7. **AI IS ABOUT ENABLING FASTER, SMARTER DECISION-MAKING.** AI should be more than just "intelligent automation".

This document expands on each of the points above, to give our partners and team-members a quick read of the most important topics discussed.





SHOPTALK 2023

1 GROWTH

Growth Is Shifting and Harder To Navigate

“Growth” was a consistent theme at Shoptalk Europe, but like sifting for gold, it’s proving difficult to find. Growth is now “in the gaps”. Consumers are no longer easily identifiable target markets, but communities that are often fragmented. Channels to market are changing and communication channels are different today from even a year or two ago.

At Shoptalk there were robust discussions around the emergence of social commerce. (Will live-streaming commerce happen in the West? Is a TikTok Shop the new flagship?) We also heard much about the rise of retail media. (How exactly do you define it? Are the likes of Amazon and other big retailers the media owners of the future?)

Our view is that it starts with listening – *really* listening – to your communities, which is not a skill set familiar to traditional marketers used to managing big brands at scale on regular media. Once you have identified an opportunity, you need to strike up an authentic dialogue with your communities (don’t talk at them involve them), and understand where and how to activate across the entire purchase journey.

Action: Identify your most “critical communities” to enable growth

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INTEGRATION

Integration of Sales and Marketing Is Fundamental

We have debated the need for integration within companies for years. Well, it was clear from Shoptalk Europe that D-Day has finally arrived. When we are faced with making choices and decisions around which levers to pull with what communities at different moments across the purchase journey, we can no longer operate in silos. Sales and marketing must work hand-in-hand towards an outcome which achieves the right results for the consumer, the brand and the retail customer.

Action: Revisit your organisational structure to smash remaining silos

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CLARITY

Clarity of Brand Positioning and Vision Is Critical

Forget the marketing matrix, we are now trying to solve a marketing Rubik's Cube. On the one hand, marketers are faced with understanding where growth is shifting to, and then building a portfolio of brands that require activation across an entire purchase journey, with consumers who continually slip in and out of shopper mode. Those same consumers – particularly GenZ - expect brands to be authentic and act more ethically, and in a much more personalised way. (Oh, and by the way, they want everything cheaper and faster.)

If that wasn't sufficient pressure, you need to deal with shareholders who expect a return on investment, which encourages businesses to optimise for now rather than maximise value in the long term. Add to that, activist investors who exaggerate the issue. So, being 100% clear about what your brand stands for, the space that it sits within, and the growth opportunity it is targeted against, becomes more essential than ever.

Action: Once your brand plans are clear, don't deviate, and merchandise them with key stakeholders regularly



Plan for Generations, Not Just the Next Quarter

Why is it, we mused over a dinner at Shoptalk Europe, that some of the best-run businesses are private, family-run concerns? In public companies, the focus is heavily on the numbers and the short-term. Making significant adjustments to a well-considered plan – such as cutting staff or budget – has an immediate benefit but can play out negatively over a longer period. As Drucker observed, “what gets measured, gets managed”, and CEO performance is often judged by the quarter, not over years. Meanwhile, companies such as Lidl, ALDI, Mars, and Ferrero make decisions based on the welfare of their grandkids, not shareholders. Therefore, an investment – such as new store locations – which might sacrifice profits this year, could deliver on the promise of proximity for years to come.

Action: Ask yourself – how would your strategic choices change if you were running your brand with future generations in mind?

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PLANNING



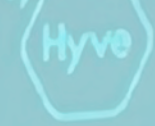
A New Dimension to Marketing - Mood

Technology was omnipresent at Shoptalk Europe. While much of it was “tech for tech’s sake”, some of the emerging tools are truly fascinating. We heard from Spotify (who joined us in a panel discussion), and they outlined how it’s possible to use music to better understand consumers, and to respond appropriately to their different moods as they change their playlists at different times of the day. This adds an entirely new sensory dimension to messaging, and one where a commerce integration is even more powerful. It’s no longer “who are my consumers”, but “how are they *feeling* and when are they open to my brand, product and message?” At the same time as our toolkit is rapidly expanding however, we can’t (and shouldn’t) ignore the fundamentals of analysing and determining occasion-based demand spaces.

Action: Experiment with new tech tools to operate at a deeper level with your audience



NEW TOOLS



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CONTENT

Content Should Be a Destination in Itself

Traditionally, brands have been somewhat unwelcome guests – wedging themselves into content, like the annoying ad break that cuts into the middle of a YouTube video, or the pop-up on a website. That’s no longer acceptable behaviour, and in fact people resent the intrusion, while Gen Z just turn off completely. Rather than interruption marketing, we now need to be creating relevant content that represents a destination in itself. One of the prime (and early) examples showcased at Shoptalk was handbag brand Kate Spade, which released an entire “[Missadventure](#)” “miniseries”, featuring engaging storylines and stars such as Anna Kendrick. Another brand to watch (and one we hosted on the main stage) was Bubble Skincare – “new-school skincare in an old-school world” – which creates [videos on social media](#) which are not only informative, but fun and enjoyable in their own right.

Action: Conduct an audit of your existing content with a group of Gen Z’s (and be prepared for the outcome!)



AI Is About Enabling Faster, Smarter Decision-Making

One of the hot topics at Shoptalk was, predictably, AI. The consensus was that AI is potentially a game-changer, but how that might take shape is still forming. Our take is that AI should be more than intelligent automation. Yes, it will remove repetitive tasks, but should be harnessed to enable better and faster decisions. Right now, we operate at “human speed” – strategizing and setting annual plans towards the end of the year, then setting them in stone and measuring our progress quarter by quarter. (We also have fewer people undertaking more tasks today.)

AI will make the process far more dynamic, allowing regular and almost instantaneous market analysis (e.g., competitor studies, trendspotting), leading to deeper insights and smarter short-term tactical changes in service of a long-term brand strategy. That will require a completely different and more agile operating style and mindset.

Action: Incorporate AI into your planning process

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ARTIFICIAL INTELLIGENCE

WHAT'S NEXT?

A Deeper Dive

We'd love to share more in-depth learnings from Shoptalk Europe 2023 and workshop the implications for your brand and business. Just drop either of us an email:

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Focus on Gen Z

Debbie Ellison, our Global Chief Digital Officer, hosted a main-stage panel discussion on **"Catering to Gen Z Shoppers with New Products and Experiences"**. To get the key conclusions, and what it all means for your brand and business, contact Debbie directly:

debbie.ellison@vmlyrcommerce.com

THANK YOU!

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