



INGENUITY IN THE GLOBAL eCommerce COMMUNITY

How To Compete and Not Get Beat in the
Digital Retail Marketplace



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INTRODUCTION

Headlines about the death of retail can largely be dismissed as hysteria and hype. Without doubt, the headlines are worthy of both doom and gloom as major brick-and-mortar retailers shuttered more than 7,000 stores in 2017, and 2018 kicked off with the demise of iconic brands like Toys “R” Us and announcements of closures based on acquisition/absorption (Teavana) or underperformance (Gap).

Then there are the stories of global “ghost malls.” The largest mall in the world (by square feet) is the New South China Mall in Dongguan, China. With seven shopping zones, a replica of the Arc de Triomphe and 6.46 million square feet, it is 99 percent vacant.

The writing is quite literally on the walls: Retail is due for radical reinvention, but its death continues to be greatly exaggerated.

The mall is changing. The Dubai Mall, the largest mall in the world by total area, boasts more than 1,200 stores, over 14,000 parking spaces, 250 hotel rooms in a five-star luxury resort, 22 movie screens, 120 restaurants and cafes, and more than 140 species of aquatic animals, including 300 sharks and stingrays. It has arguably reinvented the mall experience at a scale that simply isn’t possible across every mall in the world.

The very act of shopping is changing—not declining, but definitely changing. According to the National Retail Federation, the Census Bureau posted year-over-year sales increases of 4.2 percent in retail sales. In that same 2017 time period, the NRF reported that 42 percent of brands were opening stores, 43 percent were holding steady and only 15 percent were showing a net decrease.”

Where and how consumers shop is changing dramatically as 2017 saw a 24-percent year-over-year increase in eCommerce. Doug Stephens, author of *The Retail Revival*, stated that “the challenge 10 years ago was convincing people to buy online; now the challenge is getting products to consumers in a window of time that they deem acceptable.”

Enter the eCommerce community. It is impressive enough to realize that some 10 percent of the \$5 trillion in total annual sales can be attributed to digital channel sales, but then consider that 50 percent of the nearly \$500 billion spent by North American online shoppers alone is being spent at digital shopping destinations like Alibaba, Amazon and eBay.

While Amazon sets the bar for shipping, Alibaba sets the bar for services and scale, and eBay sets the bar for product diversity and uniqueness, consumers have come to see these innovations and services as shopping standards, not perks. These eCommerce communities have encouraged exploration and access to a world of products and possibilities that is



not constrained by the walls of a mall, the aisles of a store, or even the conventions of a traditional manufacturer/retailer dynamic.

So how are brands reacting to these new eCommerce communities? Are they embracing the opportunity or trying to apply old retail thinking to new shoppers? To answer these questions and gain a view into the new retail reality, the CMO Council, in partnership with eBay Advertising, conducted an online audit of brands engaged in commerce and in-depth interviews with leading executives from brands like LEGO, Fruit of the Loom, Bosch, Serta, PUMA, Lenovo and Electrolux.

What emerges from this investigation is that retail is not only reinventing where and how shoppers are buying, but it is also fundamentally changing the very nature of exploration, investigation and engagement, focusing on both content and commerce in parallel path. In fact, well over 50 percent of the nearly 200 brand marketers surveyed in the online audit, conducted in early 2018, believe that these large eCommerce communities are revolutionizing and reinventing the retail marketplace, forcing organizations to adapt strategies quickly.

For brands willing to embrace the community mindset, new routes to revenue have emerged as content and commerce blend more seamlessly together. For those that resist the change, fears of channel cannibalization persist and potentially stymie advancement and innovation.



KEY FINDINGS

The State of Retail's Reinvention

According to more than half (56 percent) of survey respondents, retail is being reinvented, thanks in part to global eCommerce communities like Alibaba, Amazon and eBay. But while these communities are revolutionizing retail, they are also forcing the brand marketers who are dependent on the retail channel to rethink every facet of the go-to-market strategy (46 percent) and accelerate their own evolution across all channels and touchpoints (43 percent).

Interestingly, one in three brand marketers also believes that eCommerce communities are empowering the connected consumer, offering up a wider range of choices and options. This shift has heightened the need for insights into behavior, trends and buying patterns across the entire buyer journey—a journey that is no longer limited to a customer's engagement with a single brand, but that instead extends across an entire range of categories.

"These marketplaces provide customers with an amazing new way to learn about brands, products and services," noted the Global Vice President of eCommerce and Digital Marketing for Brooks Running. "They have democratized shopping and made it available wherever the consumer happens to be, giving a shopper choice and exposure to products that can enhance their lives and that they may have never been exposed to otherwise."

This spirit of exploration and discovery is at the core of what marketers believe makes these communities so enticing for customers. In fact, marketers believe their customers are most attracted to the ease of search and discovery, the 24/7 convenience and the pricing transparency that these communities provide.

The Reason to Believe

While the ease of discovery and the thrill of exploration are powering shoppers' shift to eCommerce marketplaces, brands also see a big benefit in taking advantage of everything from infrastructure to scale. According to 46 percent of respondents, they see the ability to enable and empower vast numbers of active, predisposed buyers and sellers to seamlessly transact as the top benefit in community commerce. Not only do the communities empower the shopper, but according to 36 percent of respondents, they also reach a far broader category of consumers that are actively searching for products.

However, despite valuing the scalability and availability of an infrastructure that is purpose-built to fulfill and process these interactions, brand marketers have yet to realize the value that these communities have in revealing insights across a shopper's total journey. While just over one in four marketers see value in the ability to segment and target audiences based on

the rich shopper-graphic insights that these communities can uncover, only 11 percent see the value in accessing how these communities understand the full-funnel path to purchase.

For brands who have tapped into this rich insight, the rewards have come in the form of expanded reach and advocacy extension.

“We leverage these communities to engage our high-affinity customers to provide a special experience that we might not offer in the general market,” explained the Vice President of Marketing for The LEGO Group. “With these platforms, we can reach someone further up the marketing funnel and respond with an immersive content experience to get them more informed and more interested.”

The Global CMO of Fruit of the Loom’s Spalding division, Ahmet Abaci, explains this benefit even further, stating that “these platforms bring convenience and choice to the consumer, but brands should see view this positively because it not only benefits the consumer, but also because it drives innovation. Competition, in the end, helps everybody.” It is this competition, even in the face of seemingly never-ending choices and options, that has forced organizations to move away from being transaction-focused and product-first to instead become experiential.

Rethinking Engagement

Despite a fleeting fear that these communities will somehow ask brands to potentially cannibalize traditional retail channels, brand marketers are looking to stay ahead of the innovation curve by differentiating their brands and elevating their visibility across the retail marketplace. This shift points to a bigger evolution for brand marketers, prompting the evolution of the old model of the 4Ps of marketing (namely Product, Place, Price and Promotion) into a new model of the 4Ps of marketing engagement: Precision, Personalization, Persuasion and Perfection.

When asked to identify how communities were impacting go-to-market planning and strategies, marketers pointed to a need to rethink monetization and revenue models, intentionally seek out greater brand and product differentiation, address pricing (and more specifically, the pressure to offer lower prices), and recalibrate the marketing mix to better accommodate where customers were engaging and reacting. They have also forced longstanding beliefs about what companies are to be turned upside down.

PERRIN PARIS, a centuries-old luxury glove maker, has actually shifted from being a luxury goods company that sells products online into being “a digital company selling luxury goods,” according to the brand’s Chief Operating Officer, Olga Pacenko, who also believes that global eCommerce communities like Amazon and eBay have actually made the world smaller, offering every person the opportunity to buy absolutely anything.

“Only when traditional brands in every segment start to think and act like digital brands will they be prepared to operate in this new trading environment,” she explains. This is especially true as engagements, even in the luxury space, spill into communities engaging with active and aspirational buyers. “As a niche brand, you certainly want to be exclusive, but when it comes to your relationship with your customer, you must be inclusive. This is especially true today as the new consumer is looking for more information and participation.”

Bringing New Tactics to the Party

Thanks to the expansive audience and opportunities that eCommerce communities present, marketers are looking to respond by delivering better experiences and powering content to help exploration and discovery thrive. When asked how brands intended to differentiate themselves across the retail marketplace, 42 percent pointed to the development of richer, more visually engaging content. This is ideal, especially when thinking of how this brand content can be deployed across an omni-channel landscape of both brand-owned and community-controlled environments.

Not only are brands looking to power up their content strategies across eCommerce communities, but they are also looking to engage in far smarter and data-empowered ways. Some 36 percent of respondents indicated that they will leverage community intelligence to power their differentiation while 34 percent plan to develop more compelling and persuasive narratives.

Thanks to this focused innovation and improvement, marketers expect that the revenue that comes from eCommerce will improve over the next two years. Currently, 76 percent of marketers estimate that less than 20 percent of revenue can be attributed to eCommerce. However, over the next two years, marketers anticipate that they will see continued improvements in eCommerce revenue (55 percent), with 65 percent believing that they will realize a more cohesive and integrated multi-channel digital retail strategy that will yield bottom-line results.

CONCLUSION

What we have learned from the research, as well as the best-practice interviews with brand leaders, is that marketers are ready and more than willing to exploit the opportunities that eCommerce communities have to offer. Three key points quickly emerge as the big takeaways from the study:

- **Focus on the Convergence of Content, Commerce and Customer**

As marketers are looking to get more deeply involved and visible across these new eCommerce communities, they must shift their thinking away from a linear approach of developing content and experiences for sites that sell, sites that inform and sites that stimulate. Communities now sit at the point of convergence, where content that is most contextual and relevant to the customer is driving more profitable commerce interactions.

- **A Journey Can Lead Off-Road, but Don't Simply Focus on the Path**

As marketers look to differentiate in a crowded digital marketplace, they must create more compelling brand narratives and deliver more relevant content, but all of this must be based on a deep and broad view of the customer. This view can't simply catalog a customer's interactions and behaviors with a brand or even a specific product. It must also include intelligence that can be gathered about their lives, the drivers of change and what will differentiate a moment of delight from a boring transaction. While communities are forcing brands to rethink their strategies, they are also forcing marketers to look across the entire buyer journey and not just the linear path to purchase.

- **Pick a P...Then Pick Another**

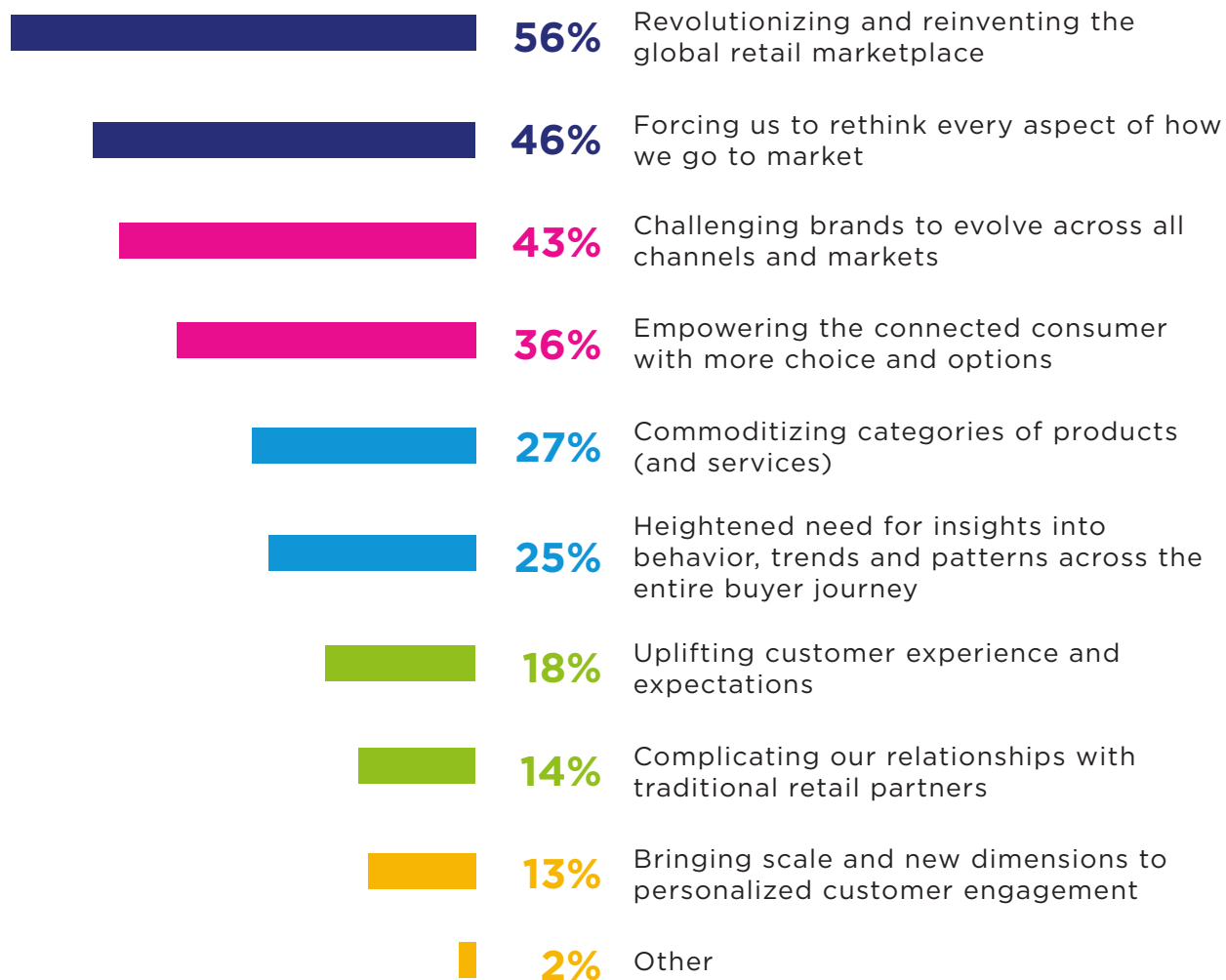
For too long, marketers have abandoned price, product and, in some cases, place, instead choosing to cling to promotions as the last of the 4Ps. With the reinvention of retail comes the opportunity to reclaim and even redefine the Ps, identifying ways that marketing-led initiatives across the customer journey are boosting engagements and opening routes to revenue. This is the opportunity to innovate across customer attraction, convenience, conversion and consistency of experience. These are also the ways that global eCommerce communities are built from the ground up: by setting the pace of service, delivery and opportunity and embracing the role that the consumer plays in advancing the marketplace.



DETAILED FINDINGS

Q1 - How do you view the disruptive and transformative nature of global eCommerce communities like Alibaba, Amazon, eBay and others? (Please select top three)

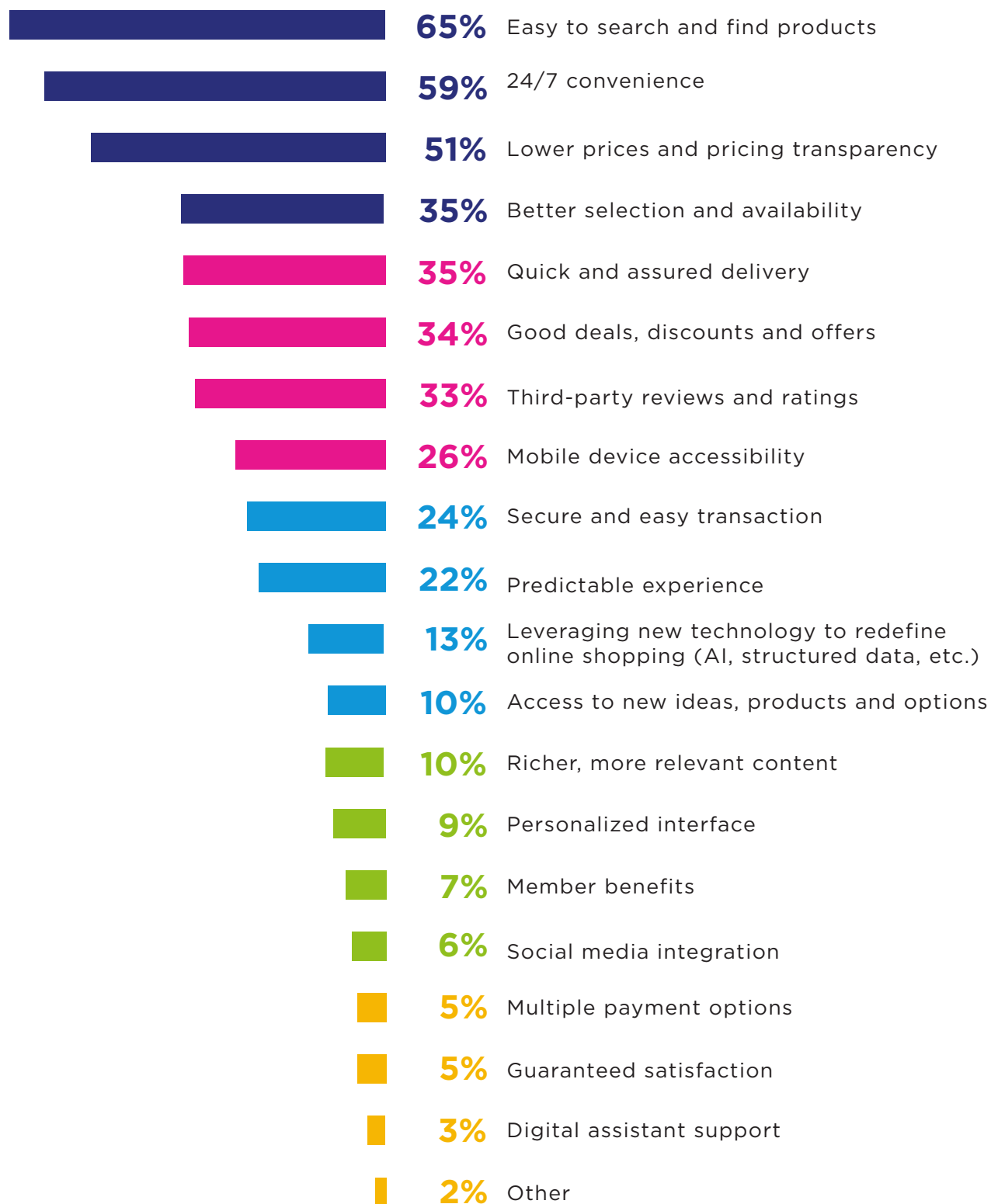
More than half of marketers surveyed (56 percent) believe that global eCommerce communities are revolutionizing and reinventing the global retail marketplace. Another 46 percent say this disruption is forcing them to rethink every aspect of their go-to-market strategy. They understand that not only do these platforms provide a wealth of benefits for customers, but that they can also take advantage of the new solutions provided by these marketplaces to better understand customer behavior, reach them at scale and more effectively engage them through targeted messages that are relevant to their customer journey. Another 43 percent say these communities are challenging brands to evolve across all channels and markets, forcing brands to rethink their strategies across eCommerce platforms, brick-and-mortar retail and their own digital channels.





**Q2 - What makes these online marketplaces compelling and attractive to consumers?
(Select top five)**

Marketers clearly understand the benefits that large eCommerce communities provide to consumers. Topping the list is how easy it is for customers to search and find products, according to 65 percent of marketing leaders. Another 59 percent point to 24/7 convenience, understanding that today's connected consumer expects to be able to find what they want when they want it and in the form that is most useful at a given moment. This reinforces the earlier claim that brands must evolve across the entire omni-channel environment in order to succeed in today's marketplace. Another 51 percent point to pricing transparency as a key advantage to consumers as they are easily able to compare deals and prices in one place, which is forcing brand marketers to evolve their own pricing strategies across the entire ecosystem.



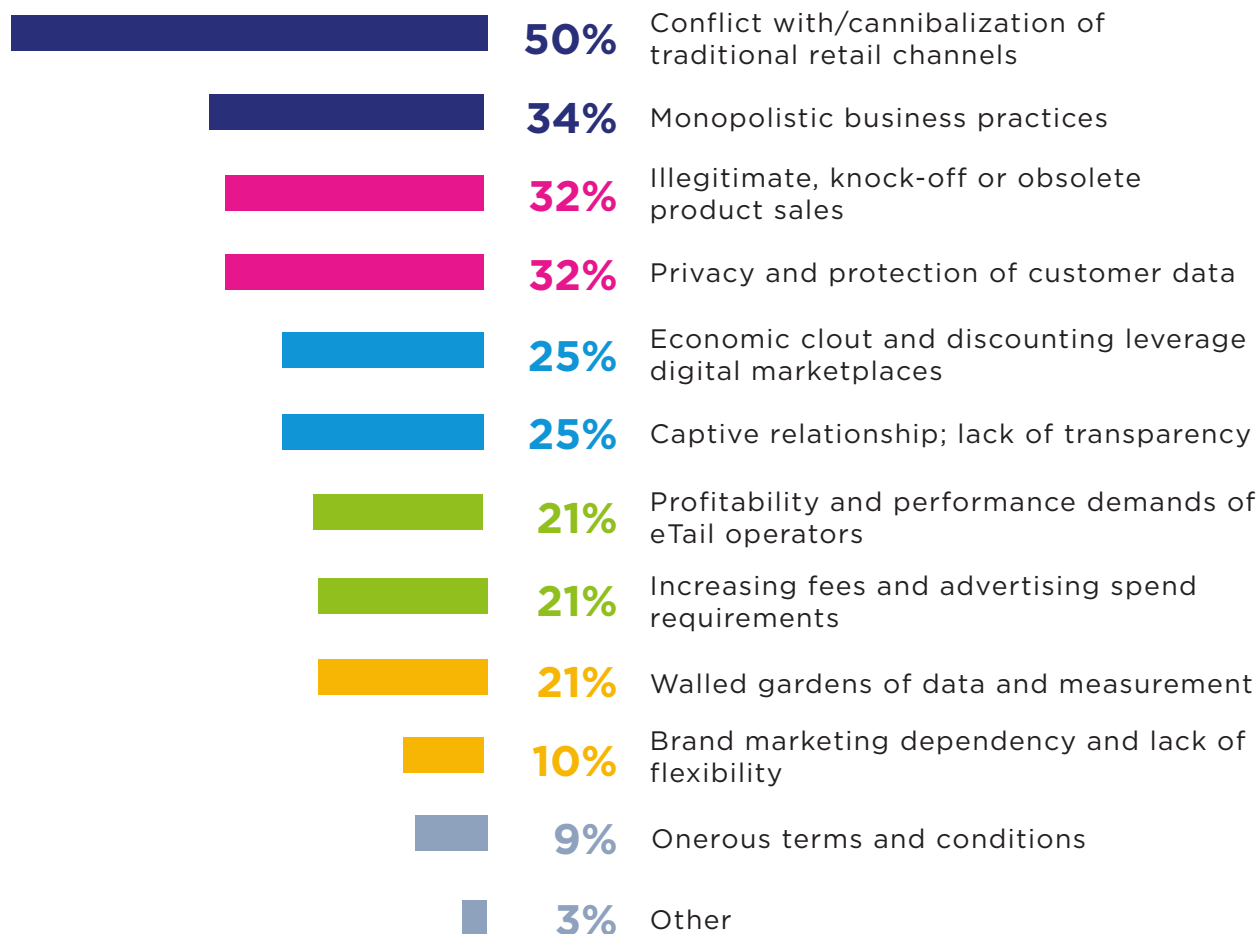
**Q3 - What do you see as the primary benefits of large online marketplaces for branded product marketers and advertisers? (Select top three)**

The benefits provided by eCommerce communities do not apply solely to the consumer as brand marketers also highlight some key advantages of these marketplaces as they evolve and rethink their go-to-market strategies. Forty-six (46) percent of marketers point to large numbers of active, predisposed buyers with whom they can seamlessly transact. Another 37 percent point to the optimized infrastructure for order processing, fulfillment and interaction at scale. Top of mind for those interviewed for this study—and highlighted by 27 percent of survey respondents—was the ability to segment and target audiences based on rich “shoppergraphic” insights. A likely reason for this not ranking higher in the survey was highlighted in the qualitative interviews: Most of these communities are not yet providing the full data capabilities that marketers feel they need to successfully reach their consumers at the right moment in their shopper journey.



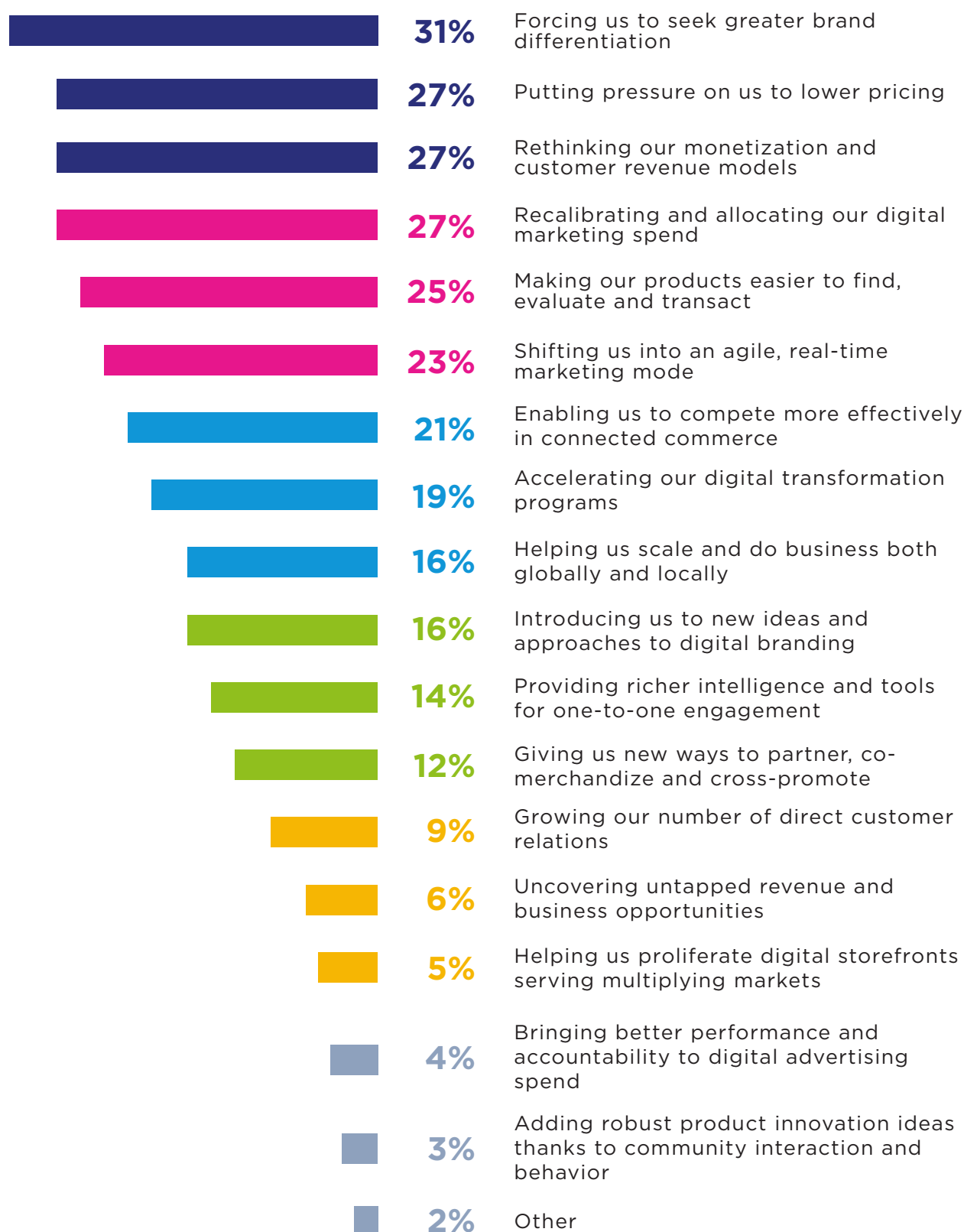
Q4 - What worries you the most about the growing share of consumer purchases going through these large online ecosystems? (Select top three)

Despite the many advantages that marketers identified, they still have reservations and concerns about the growing share of consumer purchases going through large online ecosystems. Half are worried about cannibalization of traditional retail channels and are seeking to understand how to better evolve the omni-channel ecosystem to better enable their retail partners to succeed while still providing consumers with the opportunities that online marketplaces offer. Thirty-two (32) percent are worried about illegitimate product sales, and many interviewees pointed to actions that they are taking to ensure rigorous restrictions on who they allow to sell their products on these platforms. An equal number of marketers are worried about privacy and the protection of customer data—something that is extremely important to both parties but also can be an obstacle when it comes to fully realizing the potential provided by eCommerce platforms.



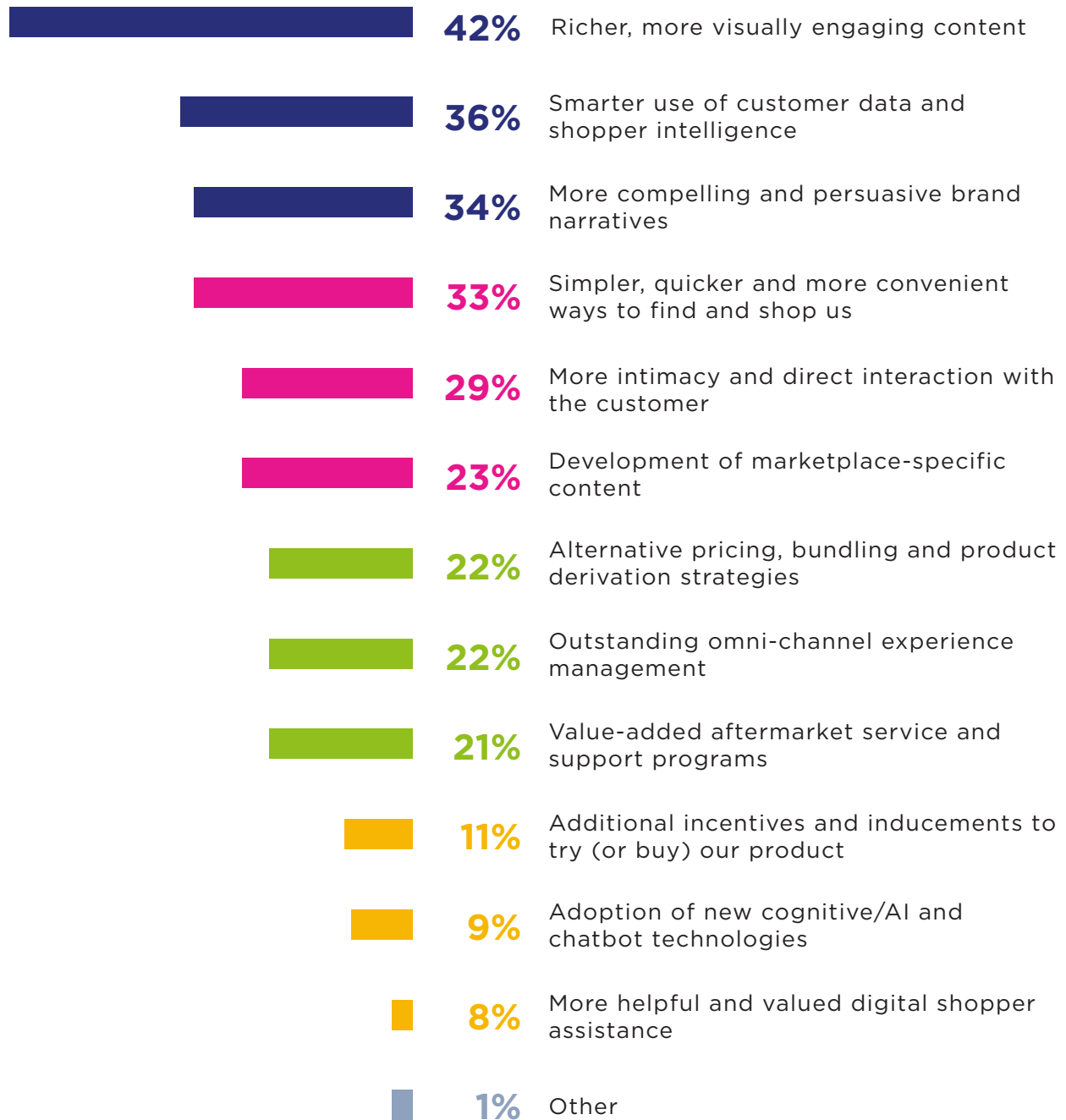
**Q5 - In what way are these shopping, advertising, trading and auctioning channels impacting your go-to-market strategy? (Select top three)**

In question one, 46 percent of marketers said that global eCommerce communities are forcing them to rethink every aspect of how they go to market. Here, they highlight the ways in which these communities are impacting their go-to-market strategies. Top of mind for 31 percent of marketers is that they are now forced to seek greater brand differentiation to compete in an open and price-transparent environment alongside competitors. Another 27 percent reveal that they now feel pressure to lower their prices, with an equal number of marketers saying this is forcing them to rethink their monetization and customer revenue models overall. Yet another 27 percent are recalibrating and allocating digital marketing spend in order to better compete and differentiate themselves in these marketplaces, as well as reach customers with more targeted and relevant information.



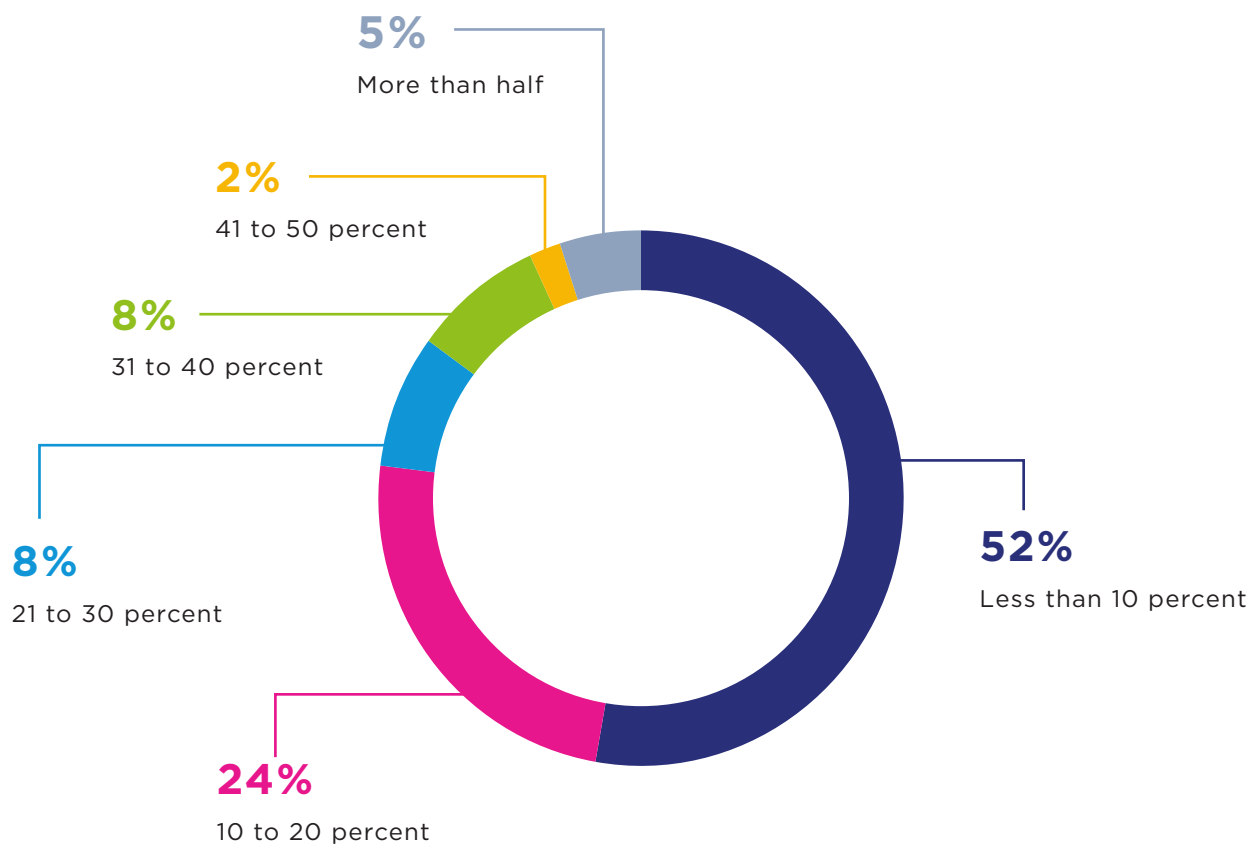
**Q6 - How are you looking to differentiate your brand in the digital retail marketplace? (Select top three)**

In the previous question, marketers demonstrated that the main change in their go-to-market strategies was to seek greater brand differentiation. The primary way that 42 percent of marketers are looking to differentiate themselves is through richer, more visually engaging content. Another 36 percent point to smarter use of customer data and shopper intelligence, although it should be noted that in question three, only 27 percent saw their ability to source “shoppergraphic” insights from these platforms as a key benefit—demonstrating that while they believe this is one of the best ways to differentiate themselves, they still lack the proper insights to fully realize this benefit. Another 34 percent point to more attention in creating compelling and persuasive brand narratives that truly resonate with their customers, notably another area wherein data insights will be instrumental.



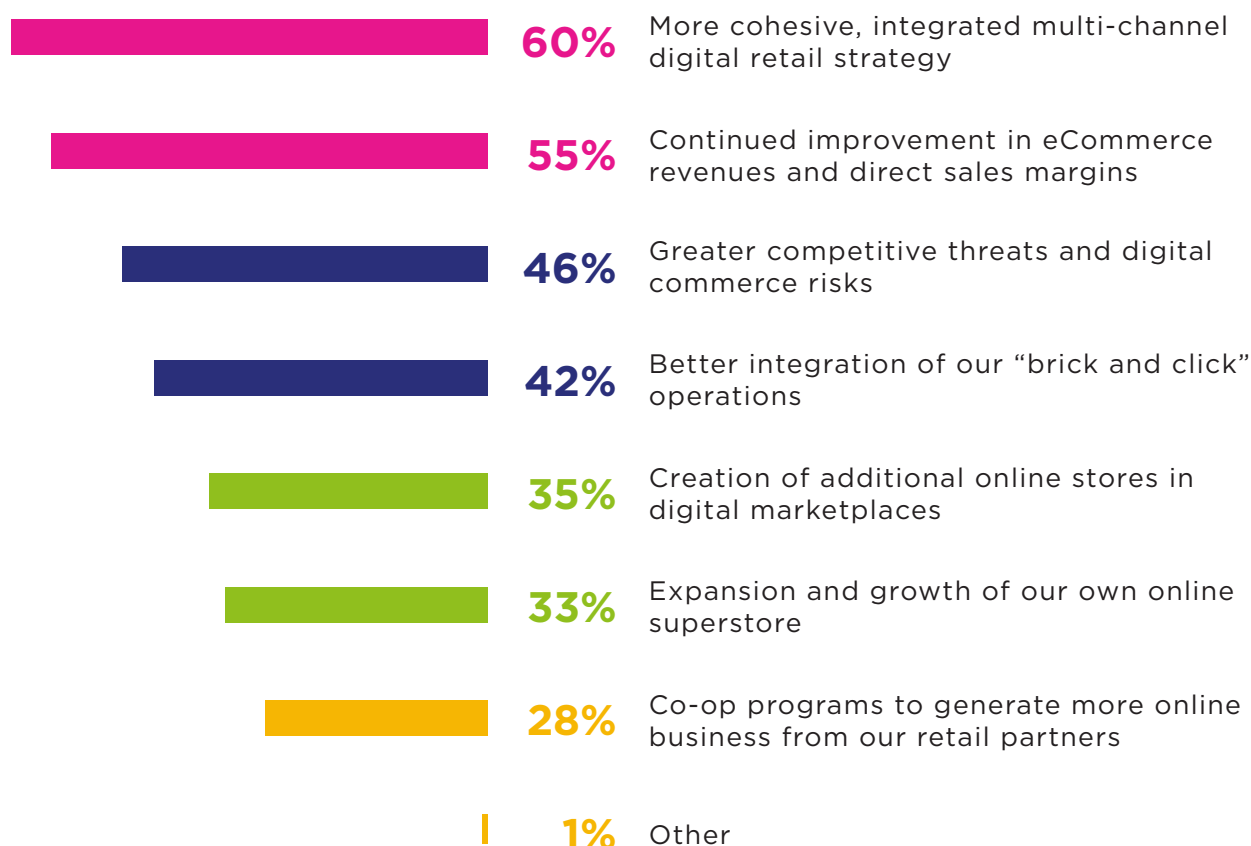
Q7 - What percentage of your revenue is now coming from online commerce?

Currently, the majority of marketers (52 percent) say that online commerce accounts for less than 10 percent of their revenue, with only 5 percent saying it represents more than half of their revenue. However, we are likely to see this change rapidly, especially considering earlier findings where marketers highlighted that they are currently rethinking their digital marketing spend and looking into new market strategies to more effectively engage with shoppers in digital environments.



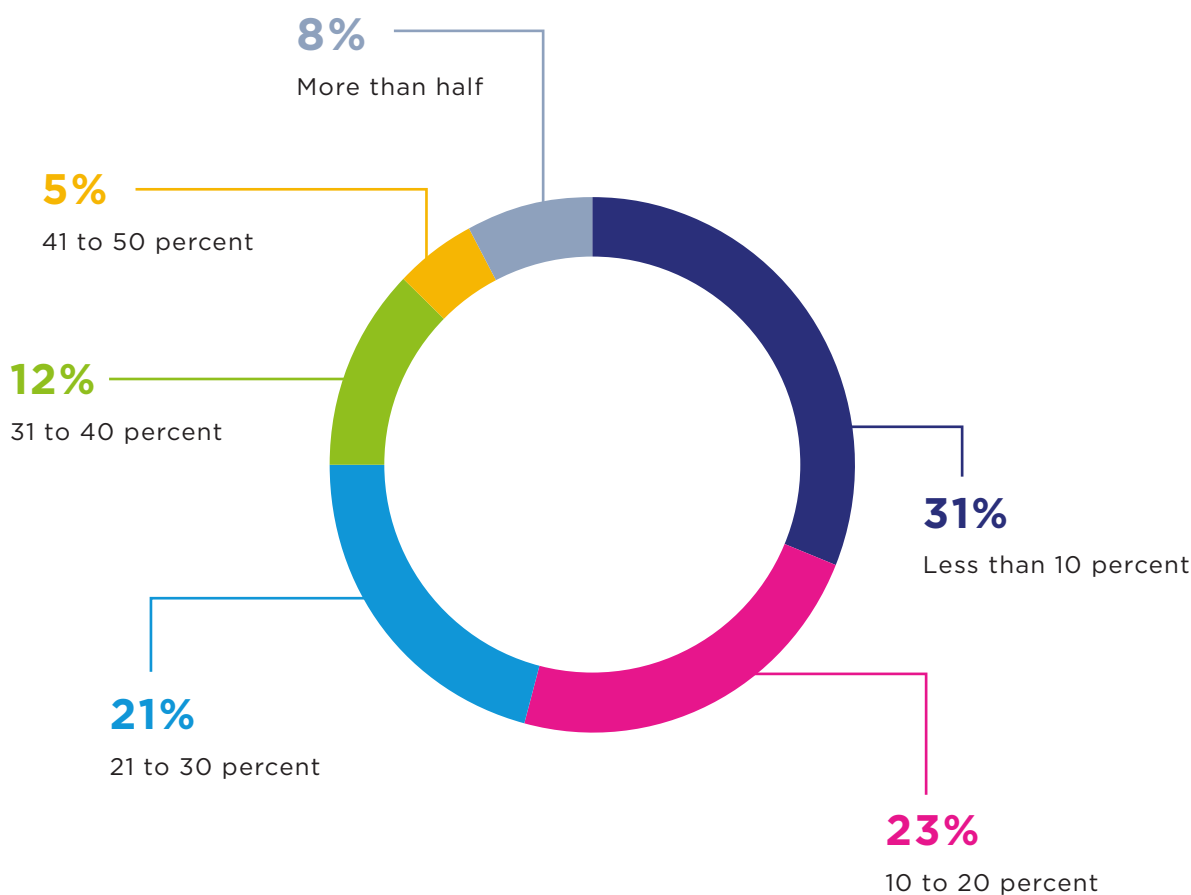
Q8 - How do you expect this area of business to change in the next two years? (Select all that apply.)

Marketers in both the audit and qualitative interviews highlight online commerce as driving significant changes in their marketing strategies. According to 60 percent of marketers, the most significant change will be to create a more cohesive, integrated multi-channel digital retail strategy. Another 55 percent point to continued improvements in eCommerce revenues and direct sales margins, which further emphasizes the point raised in the previous question that the breakdown of revenue from online commerce will likely see a significant shift in the coming years. On the negative side, 46 percent of marketers recognize that they will also face greater competitive threats and digital commerce risks. They will need to continue to hone in on how to not only differentiate themselves, but also how to protect their brands within these online communities.



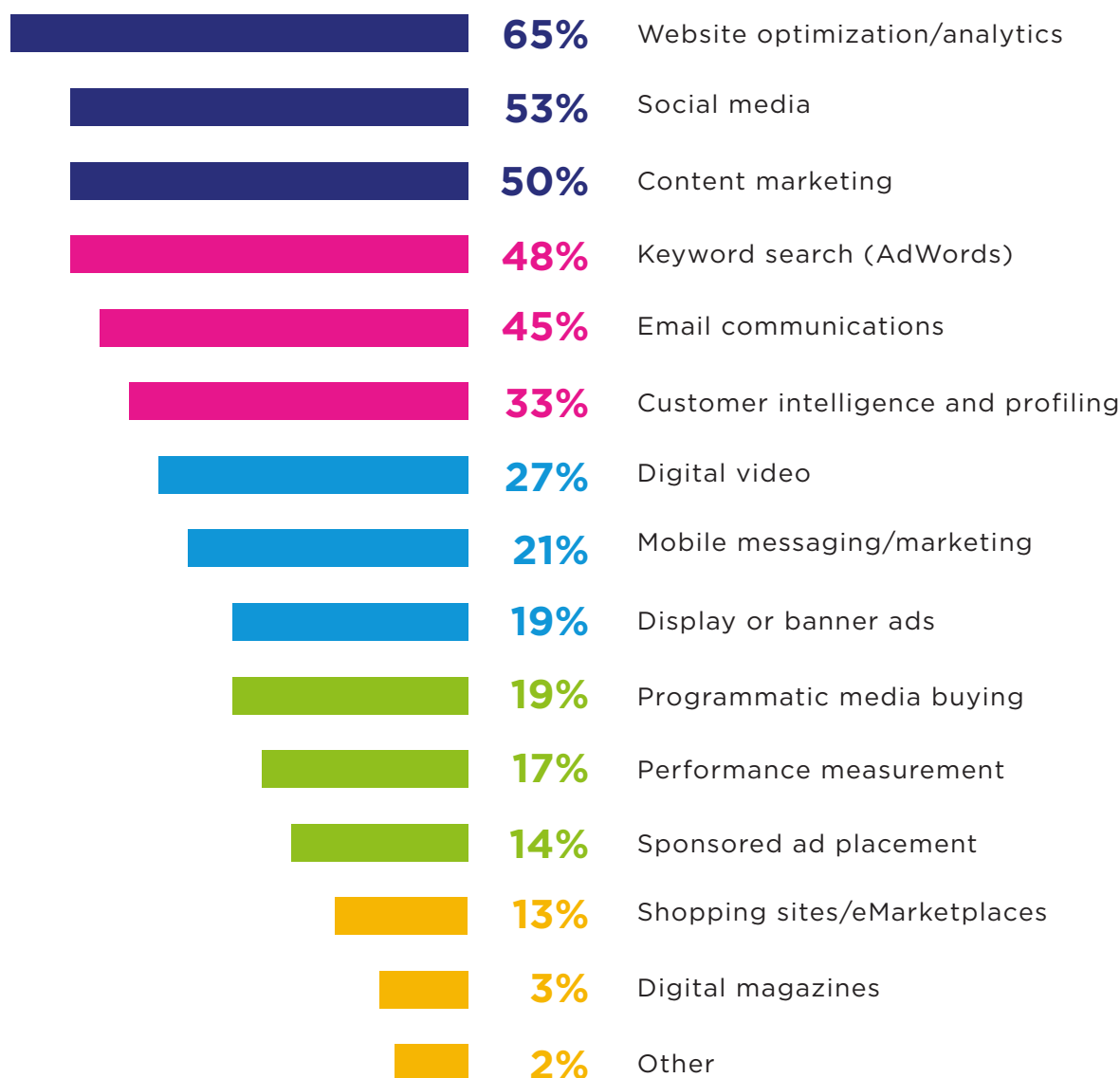
Q9 - What percentage of your marketing budget is allocated to supporting digital demand generation programs and online retail development?

As marketers look to differentiate themselves in eCommerce communities and through digital engagements, they will increasingly focus on intelligent spend in digital enhancements and market strategies. Indeed, we saw in question five that 27 percent are already recalibrating their spend. Currently, only 8 percent spend more than half of their budget to support digital demand-generation programs and online retail development. However, close to half (46 percent) allocate at least 20 percent of their total spend to digital development. Just 31 percent spend less than 10 percent of their budget on these initiatives.



Q10 - Where is this being primarily allocated? (Select top five)

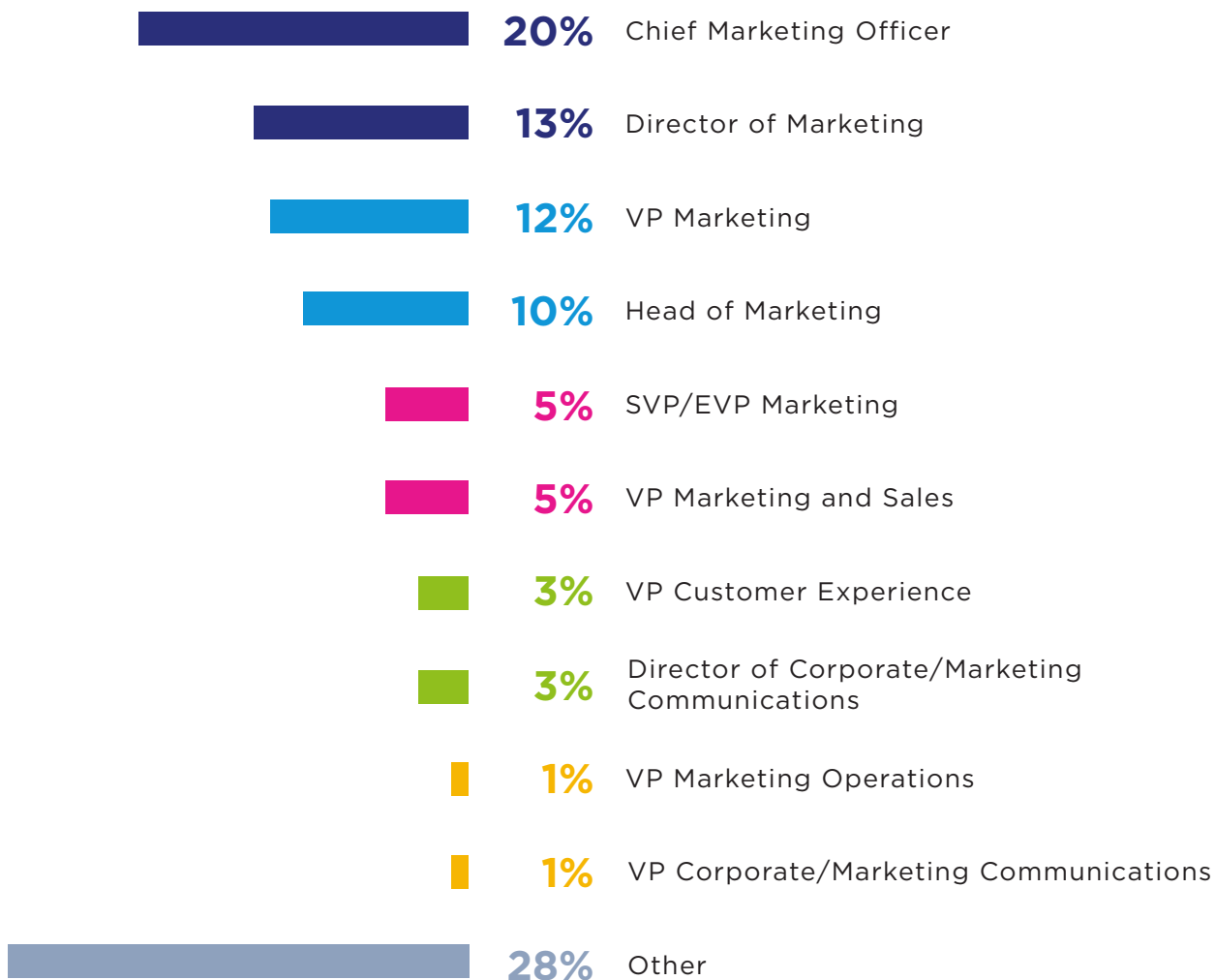
In discovering how marketers are allocating current spend, nearly two-thirds (65 percent) are focused on website optimization and analytics. Another 53 percent are investing in social media to better connect with customers in real time. Half of all marketers surveyed point to allocation in content marketing, which is reflected in the emphasis that marketers are putting behind sharing relevant, targeted information about their products to savvy customers. Interestingly, only 13 percent are currently allocating spend in global eCommerce marketplaces, but as previous questions have highlighted, this is likely to change in the coming years.





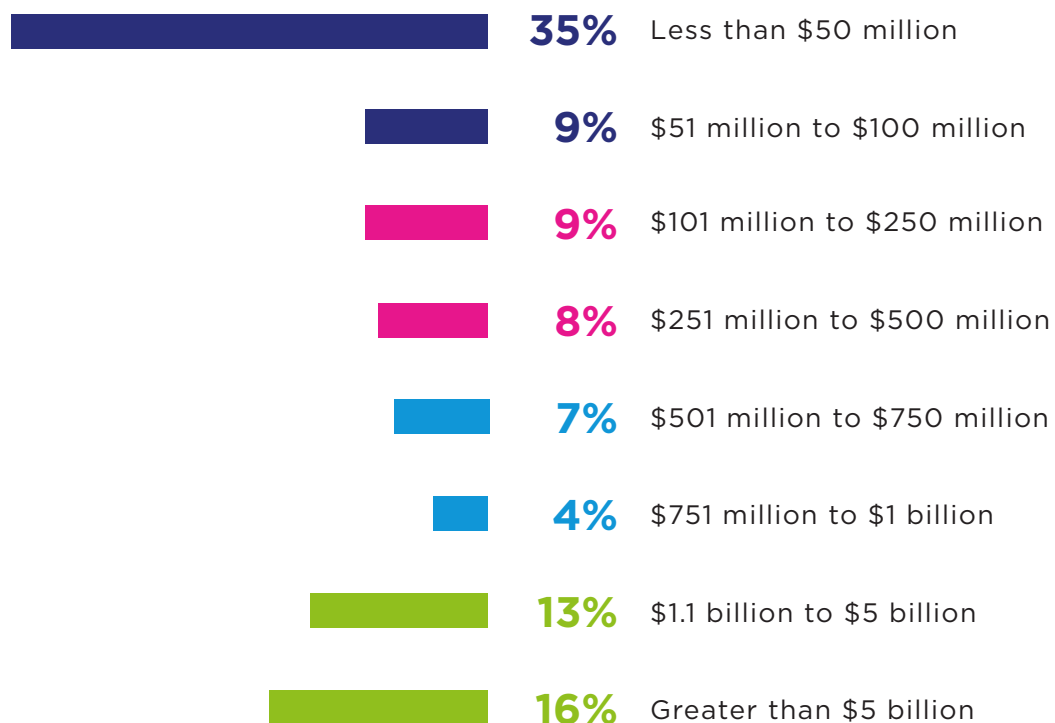
DEMOGRAPHICS

Q1 - What is your title?



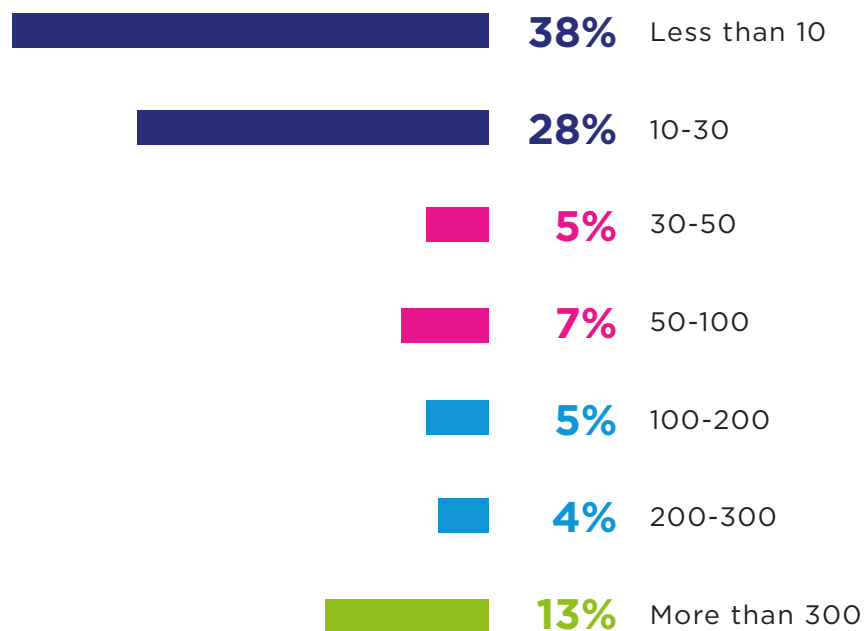


Q2 – How large is your company?

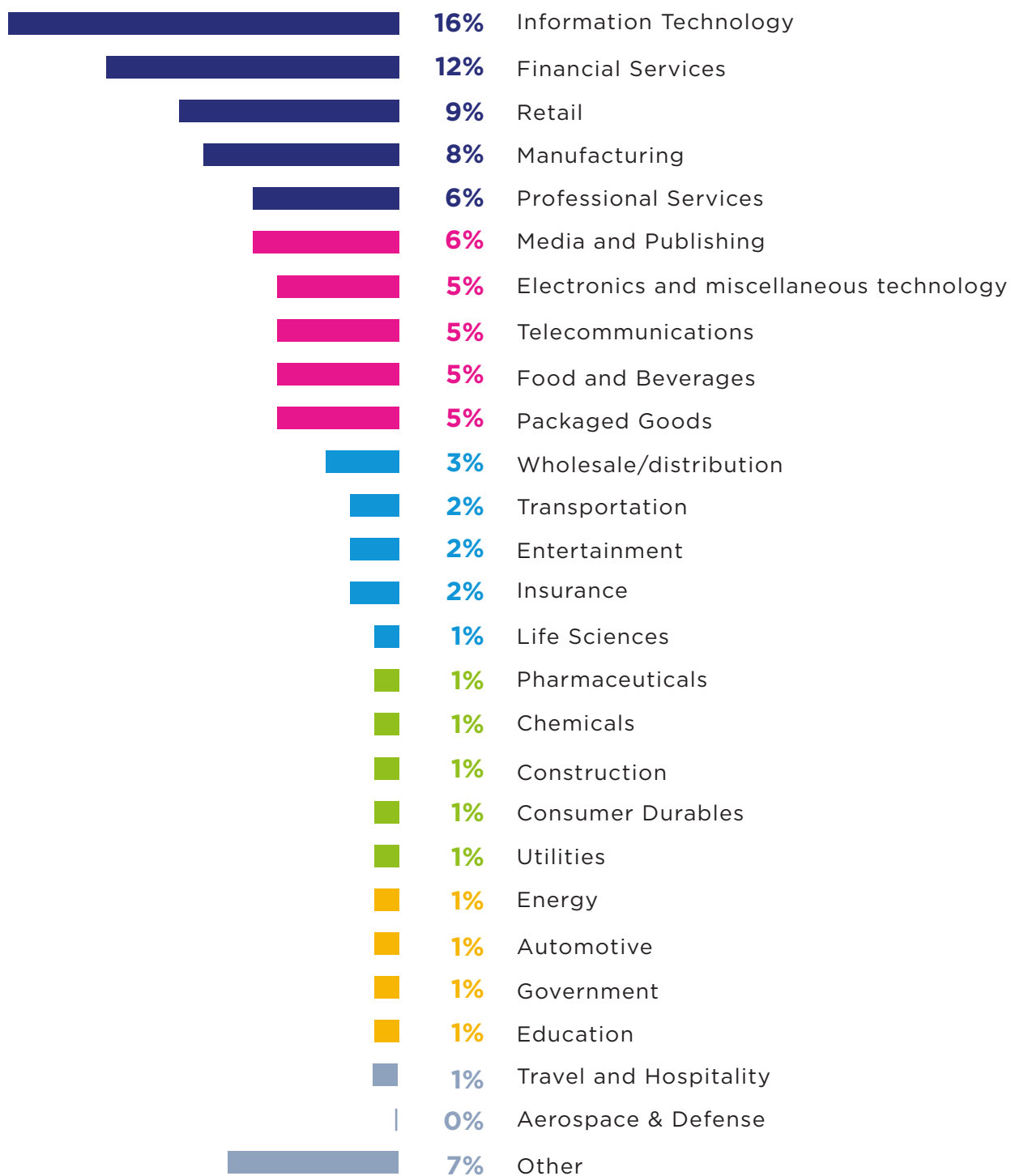


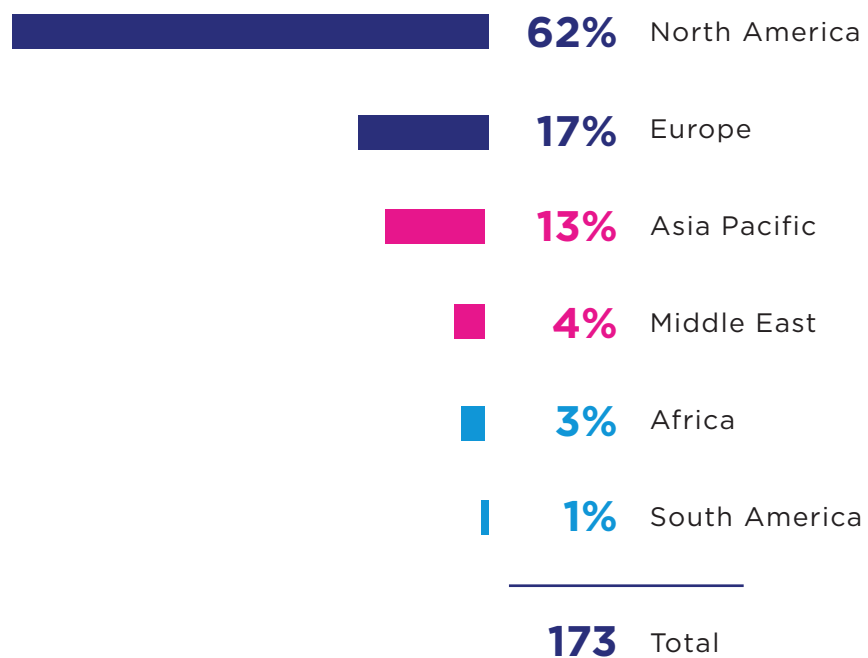


Q3 - How large is your staff/team?



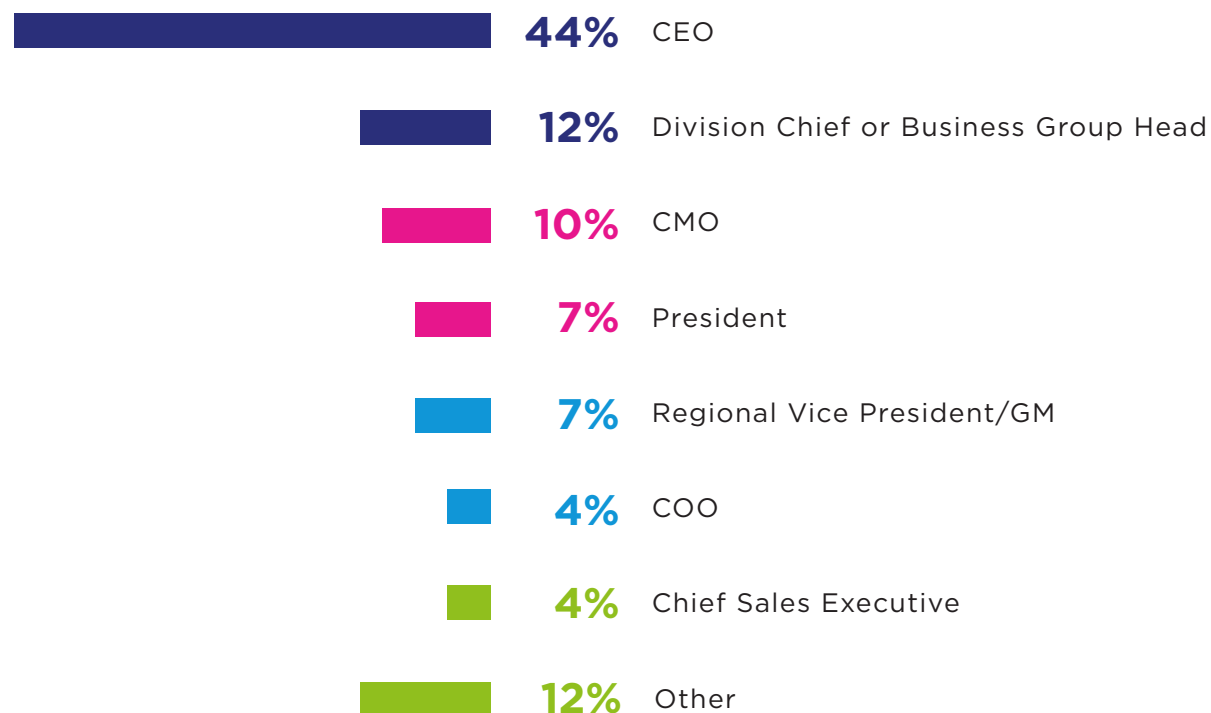
Q4 - What best describes your company's industry sector?



**Q5 - In which region is your company headquartered?**



Q6 - To whom do you report?





BEST-PRACTICE LEADERSHIP



JANE LOCKWOOD
Vice President of Global
eCommerce
Brooks Running



ALLISON GIORGIO
Vice President of Marketing
PUMA North America



PETER BRINKMAN
Senior General Manager of
Corporate Marketing
Casio America



SONESH SHAH
Vice President of Brand
Marketing & Digital
**Robert Bosch Tool
Corporatio**



BRETT TOWNSEND
Head of North America
Insights
Electrolux



GREGORY BUTZ
Vice President of Marketing
Communications
Serta Simmons Bedding



AHMET ABACI
Vice President, Spalding
Product Marketing & Brand
Strategy
Fruit of the Loom



AMY PASCAL
Vice President of Marketing –
Americas
The LEGO Group



DAVID ROMAN
Chief Marketing Officer
Lenovo



OLGA PANCENKO
Chief Operating Officer & Vice
President of Marketing
PERRIN PARIS

EXECUTIVE INTERVIEWS

JANE LOCKWOOD

Vice President of Global eCommerce

Brooks Running



Founded in 1914 and headquartered in Seattle, Brooks Running makes men's and women's high-performance running shoes, apparel and accessories. Today, Brooks products are available in 60 countries worldwide. Named "Best Running Shoe" by publications like Runner's World and Sports Illustrated, the company has also been recognized for environmental sustainability programs and technical innovation. Jane Lockwood, Vice President of Global eCommerce and Digital Marketing, who carries more than 15 years of experience in digital marketing and product management with some of the world's largest brands, believes that any digital and eCommerce strategy must put the consumer at the forefront.

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Lockwood says that shoppers must be able to shop in any way and at any given time they choose. This requires companies to marry a successful digital strategy with a robust brick-and-mortar strategy.

"Customers use a variety of inputs across all categories to determine which solution is best for their particular needs," she explains. "I believe that brick-and-mortar stores play an incredibly important role here and will continue to do so, but digital adds another opportunity for brands to get the word out about who they are and what they offer. This, in turn, has influenced us to think more holistically when we think about our go-to-market strategy. We no longer think simply about what our retail partners need in the store; rather, we think about supporting both foot traffic and digital traffic and how we can provide the right assets and packaging for each unique environment."

Digital provides brands with new tools to understand consumer preferences, and with consumers increasingly choosing to make purchases on eCommerce platforms and brand-driven websites, brands need to rethink how they go to market.

"I view global commerce communities with great admiration and positivity; these marketplaces provide customers with an amazing new way to learn about brands, products and services, and they have democratized shopping and made it available wherever



consumers happen to be,” she explains. “This gives consumers choice and exposure to products and services that can enhance their lives that they may have never been exposed to otherwise.”

These platforms also give brands exposure to a whole new set of customers, and by putting the customer at the center of everything they do, brands are forced to think about creating the right consumer journey, the right product mix, the right content and the right customer service policies.

“eCommerce platforms have compelled brands and retailers to put the consumer in the driver’s seat so that we can think about what customers really want and need from us,” she explains. “This means that I have to look externally and be more rigorous in my thinking and approach.”

**“WE ARE FORCED TO BE
BETTER STORYTELLERS,
BE SMARTER ABOUT HOW
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The ability to truly grasp the end-to-end user experience is challenging, especially when that journey is often not linear. This is all the more reason, according Lockwood, to ensure you are tapped into the right analytics to provide the best possible product positioning in every single channel.

“When it comes to the customer journey of brand awareness, product need and ultimately purchasing decisions, consumers are using multiple inputs to make decisions,” she says. “It could be a digital advertisement or a social post from a friend; it could be a conversation with a fellow runner; it could be poking around a retail store and seeing a cool product they want to try on; it could be that their old shoe model was worn out when they received an email campaign about a new shoe.”

Global eCommerce platforms have compelled brands and retailers to be crisp and clear on who they are and how they want to show present themselves to the world.

“We exist to serve the runner and demonstrate that our products are the best fit for their needs,” she says. “The need to communicate our brand value in a way that stands out has forced us to be better storytellers, be smarter about how we communicate our story, and better target our audience. It forces us to think about the customer first.”

When a new product releases, Lockwood says their first consideration is the target audience for that particular product.

“The first thing we look at is the unique value proposition of a new shoe for the consumer, and that means identifying who will be interested in it and who will get the most use from it,” she says. “Once we understand our audience, we build the right integrated campaigns that combine brick-and-mortar and digital strategies, which may include launching events



with local retailers and engaging with local athletes, in addition to leveraging social media or tapping into athlete influencers that advocate for the brand.”

She says the company is investing in deeper analytics that take into account not only what is happening on the Brooks website, but also what consumers are searching for on Google, how they search for it, social media analytics, and analyses of reviews shared in these large eCommerce platforms.

“The number-one thing for Brooks is our premium positioning,” she says. “To maintain that, we need to stay on top of reviews, and that involves our footwear team, our apparel team and our quality control team.”

“This is important because it not only informs us about the response to current products and how we need to respond to those reviews, but it is also vital for informing decisions about future products. A lot of science and chemistry go into making the next great shoe. Understanding how people are engaging with our products and how to optimize that is vital for our innovation pipeline.”

She says that another key advantage presented by eCommerce is the ability to localize Brooks’ marketing strategy.

“Using marketing science, we are using dynamic creative campaigns to get the right message to the right person,” she says. “This is not just on our website; we are also focusing on doing this through all of the touchpoints available. We are always looking for more data to make sure we are constantly optimizing the shopper journey.”

**PETER BRINKMAN**

Senior General Manager of Corporate
Marketing

Casio America

CASIO

Casio America, Inc., is the U.S. subsidiary of Casio Computer Co., Ltd., Tokyo, Japan, one of the world's leading manufacturers of consumer electronics and business equipment solutions. Established in 1957, Casio America, Inc. markets calculators, musical keyboards, mobile presentation devices, label printers, watches, cash registers and other consumer electronic products. True to its corporate creed—"creativity and contribution"—Peter Brinkman, Senior General Manager of Corporate Marketing, says their goal is to create products that enhance people's lives. In the same vein, he believes that the role of eCommerce and the many platforms that are available is to enhance the consumer's ultimate shopping experience.

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Brinkman says that eCommerce marketplaces are byproducts of technology advancements and the evolution of consumer shopping preferences. In addition, the sophistication of new technologies leveraged by these marketplaces—along with the volume and sophistication of information as it relates to the consumer's likes, interests and usage patterns—provides a greater ability for brands within them to leverage that data to create targeted and personalized communications and advertising.

"Consumers today expect more dynamic access to the platforms they choose. Whether shopping for a product at home, at work, in a store or during their commute, they have a myriad of options in

front of them, and how they choose to shop comes down to convenience and preference," he says.

"They don't want their time to be wasted by immaterial or irrelevant communication. Targeted messages have tremendous value in terms of how you reach the consumer and the experience they have. The precise targeting capabilities of these marketplaces can provide huge benefits for brands who properly leverage them."

The evolution of omni-channel retail also requires brands to expand and evolve strategies across the entire business spectrum—something that Brinkman refers to as the "retail, e-tail mix."

"At Casio, we need to consider these platforms in our overall business mix across functions because they have both direct and indirect influences on brand performance," he explains.



“They influence the marketers’ efforts to market products; the sales team’s efforts to go to market; and consumer expectations of retail and delivery.”

When it comes to eCommerce productivity, he says that Casio has experienced a pronounced increase in overall sales and profitability from eCommerce.

“Given this trend, our business plans are very aggressive for consistent double-digit growth for eCommerce,” he says. “The market is changing, and as a result, we must adjust our investment strategies from a marketing standpoint when it comes to where we deploy resources, staff and time.”

He says Casio also needs to be equipped to market, sell, distribute across all platforms. Fortunately, Casio’s reputation for product integrity and intact pricing models across all different channels provides real consumer confidence, no matter which platform they use to shop. However, he is cautious about third-party marketplaces within these larger eCommerce communities as they allow smaller merchants, in some cases unauthorized dealers to market products and resell them accordingly.

“Part of our job as it relates to price integrity is to try and limit unauthorized dealers,” he says. “We assert a lot of due diligence to ensure we manage that as closely as possible to ensure the integrity of our products, messaging and pricing.”

“We work closely with our partners to define and articulate our go-to-market strategies in terms of the product mix and overall portfolio,” he says. “By having some differentiation in our product mix, we enable our partners to promote products in such a way that they feel they have something unique to deliver to their consumers.”

He says that developing unique branding and marketing communications within different channels, for different products and along different points of the journey is critical as well.

“Technology advancements have evolved the way that marketers brand and deliver marketing communications,” he says. “With the ability to segment by demographics, user intention and psychographics, you can target not only your brand messaging, but your product messaging as well.”

The volume of data today allows marketers to mine information and dissect it in different ways based on the audience.

“If you think of a prism, when you look at it directly, you see a single point of light that goes through it, yet it fractionalizes that light, and you see multiple colors on the other side,” he

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says. “I see personalization in the same way. We have so many different data inputs available about consumers --usage, attitudes, demographics, regionalization, geo-targeting, etc.— and our job is to take all of that information and develop customized messaging for specific consumer segments”.

He says marketers need to be increasingly aware of how they personalize their messages because new technology will allow consumers to take more action to avoid ads that they find irrelevant or disruptive.

“With the advent 5G and Artificial Intelligence (AI), consumer engagement and for that matter, consumer avoidance via mobile devices will become more sophisticated, so we need to plan for that,” he says. “But even before that happens, the fact is that people do not want to be bombarded; they hate receiving messages that do not resonate. It is so important to be careful about that because cultivating a consumer with a long-term value proposition is the ultimate end goal, but you can derail that relationship before it even starts with irrelevant, impersonalized messaging.”

He says that consumer feedback and reviews are extremely important aspects of Casio’s engagement strategy. Today’s consumer is much more willing to take heed of honest feedback from a broader community.

“From a brand standpoint, cultivating feedback is top of mind because when you have feedback that is open and honest, it allows us to improve our own product development model and customer engagement strategy,” he says. “The ability for that information to be shared on a broader basis with fellow consumers—thereby providing more qualified comments or suggestions from personal use—is invaluable to both fellow consumers and to us as a brand.”

Despite some potential challenges and pitfalls around pricing and the ability to properly monitor stakeholders within a marketplace, Brinkman believes that eCommerce marketplaces are a great testimony to the evolution of business.

“It is an amazing blend of technology and customer centricity,” he says. “New technology has influenced consumer behavior, and with that, the values and insights that consumers are sharing allow us as marketers to adapt, shape and improve the ultimate customer experience.”



BRETT TOWNSEND

Head of North America Insights

Electrolux



Founded in 1919, Electrolux is a global leader in the appliance industry. Selling everything from refrigerators and dishwashers to vacuum cleaners and small appliances, Electrolux sells more than 60 million household and professional products in more than 150 markets every year.

As the Head of North America Insights, Brett Townsend is responsible for providing transformative consumer insights to drive business decisions.

“MARKETERS CAN NO LONGER TELL THE SAME STORY THROUGHOUT THE WHOLE PROCESS IN A ONE-SIZE-FITS-ALL APPROACH.”

He says that the demonstrated power of platforms like eBay and Amazon is such that brick-and-mortar companies have been forced to step up their own eCommerce capabilities, even though consumers are still oftentimes making their appliance purchases in store. This is due to the fact that most research is still done online before consumers ever make it into the store.

In response, Townsend explains that his team has done quite a bit of work in the last year to get a clear picture of the different parts of the purchase funnel to ensure they have a clear understanding of each stage of the process and provide the types of messaging

that will be most relevant to consumers at any given stage.

“We have a clear understanding of the shopper journey along each step of the way,” he says. “We know what consumers are searching for, the keywords they are typing in and where they are going to shop.”

For all consumer purchases, the purchase funnel is very broad in the beginning because consumers are typically looking for general information. However, as they move down the funnel, the search becomes increasingly narrow as they try to decide which brand or product they should consider. No matter where they are in the funnel or what medium they are using, Townsend says it is important to ensure that they are sending them the appropriate message.

“Whether it’s online or in store, the pressure is on Marketers to know what consumers are looking for and adjust our message accordingly,” he says. “Marketers can no longer tell the same story throughout the whole process and across various mediums in a one-size-fits-all approach—that no longer works. This is true across different platforms as well as different



products. What somebody is looking for in a refrigerator is very different from what they are looking for in a washer and dryer. They need different functional and emotional needs fulfilled within the different product categories.”

While all current consumer understanding shows brick-and-mortar continues to be the preferred method of shopping for and purchasing appliances, Townsend says the company is constantly monitoring the market to ensure they are delivering what consumers expect. He warns that marketers need to look ahead, but also understand not to move too quickly ahead of what consumers are doing today.

“Consumer needs are still driving them to stores, but as their behaviors continue to evolve, we must also evolve,” he says. “To use a common sports metaphor: you have to skate to where the puck is going. Brands need to make sure they aren’t hitting the puck to where the player is now, but where they’re going to be. At the same time, you don’t want to put it so far ahead that they can’t get to it.”

While price may be a predictive factor in other markets, this is not the case when it comes to appliances. Instead, he points to online ratings as one of the factors of purchase.

“This is not to say that price is not important, but with a purchase cycle of 8 to 12 years, consumers know that making the right decision is important and is often worth paying a little extra for a superior product,” he says. “As such, the power of ratings is tremendous, especially in appliances. This is also a win in terms of data insights. The insights we gain from ratings shapes a lot of our efforts in digital and impacts what goes on in stores.”

Reviews are particularly important with appliances because oftentimes, people will leave reviews months or even years after they purchase a product, and since consumers are looking at these reviews at the end of their product funnel before making a final decision, what they read can make a big difference in shaping their final purchase decision.

“A strong insights team is always always looking at reviews across all platforms, and then supplementing that with research in consumers’ homes,” he says. “We cannot limit ourselves when it comes to understanding what our consumer wants and needs, and we need to constantly deliver on that promise, even years after a purchase.”

“BRANDS NEED TO MAKE SURE THEY AREN’T HITTING THE PUCK TO WHERE THE PLAYER (CONSUMER) IS NOW, BUT WHERE THEY’RE GOING TO BE.”



AHMET ABACI

Vice President, Spalding Product Marketing & Brand Strategy

Fruit of the Loom



Fruit of the Loom Inc. is a global pioneer in the design, manufacture and marketing of a number of iconic family apparel, athletic apparel and sporting equipment brands, including Vanity Fair, Fruit of the Loom, Spalding and Russell Athletic. Founded in 1851, the company operates in 44 countries globally. The Spalding brand, established by Boston Red Stockings pitcher A.G. Spalding in 1876, is a leader in innovation and quality in the sporting goods category. Charged with heading product marketing and brand strategy for one of the oldest and best-known global sporting good brands in existence, Ahmet Abaci explains that global eCommerce marketplaces benefit the end consumer, and any market change that has a benefit to the end consumer should be viewed as a positive by all marketers.

“ECOMMERCE MARKETPLACES BRING CONVENIENCE AND CHOICE TO THE CUSTOMER. COMPETITION, IN THE END, HELPS EVERYBODY.”

“When it comes to these global eCommerce marketplaces, I see them bringing convenience and choice to the consumer,” he says. “Brands should see this as positive not only because it benefits the consumer, but because it drives innovation. Competition, in the end, helps everybody.”

When customers are faced with abundant choices, decisions center on trust, which is why brand building, centered around building trust with consumers, becomes even more important in today’s world. Abaci explains that a key benefit provided by eCommerce marketplaces is that they bring efficiency in the path-to-market. This forces everyone involved in the value chain of bringing solutions to market to be innovative for sustained

success. These platforms also allow brands to gain increased visibility to a whole new set of customers while gathering immediate feedback from them.

“Having instant feedback can show us how our products perform, how customers are reacting to them, what they like and dislike about a given product, and how they are using it—all in one place—which is a huge benefit to us,” he explains. “At the same time, every product manager should be very closely monitoring online reviews, discussions and questions about their products. That information is powerful, so we need to look at what opportunities these marketplaces bring to us rather than looking at the threats they may pose.”



Abaci describes today's marketplace as one in which many people prefer to leave online reviews or ask questions online rather than calling a customer service line, yet the ability to fully leverage the data and insights generated on these platforms is still in infancy. He stressed that companies need to understand how to best leverage a continuous stream of data and flag the significant moments that can either warn about an issue or present an opportunity. However, it can be difficult to properly leverage a constant stream of data. For Abaci, the initial reviews tend to be a good indicator of customer sentiment.

"If the initial reviews are unusually low, that is a huge flag, and we can quickly respond and dig into the issue. The same goes for very positive reviews," he explains. "We may underestimate how well a product will perform, and in today's world, brands do not have the typical development time they once did. You need to get to market fast and then optimize. If we put something out there quickly and see that consumer reception is much stronger than we anticipated, we can also act from there and expand the product strategy and reach."

The next step is to embed this type of analysis into operations, including how products are presented to customers across digital platforms.

"In the past, when you came up with a new product, you had to make sure you had great packaging that communicated everything you wanted to communicate. Now, marketers need to think about how their products are packaged online," he says. "It is an entirely different way of looking at packaging; you need to make sure you have your tagging right, your product copy right and your images right."

"We need to be thinking about this as a crucial component of product development. In the past, those types of activities, if undertaken, were considered part of a post-product development marketing initiative," he continues. "Now, when we launch a new product, we should be thinking about product usage videos, how-to videos or other activities that can be used as part of the product launch, just as we develop packaging for a product on the physical shelf."

While there are significant benefits to leveraging eCommerce communities, Abaci recognizes that they create a new hurdle in proper omni-channel management. He explains that companies engage in product portfolio differentiation by channel in order to prevent price competition and channel conflict. In today's marketplace, marketers need to figure out how to manage the channel conflicts without sub-optimizing the experience for the consumer who may be shopping anywhere—often researching online and converting in store, for example.

**"MARKETERS NEED TO
THINK ABOUT PRODUCT
PACKAGING ONLINE: YOU
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Furthermore, as the marketplace continues to evolve, Abaci notes a new threat on the horizon when it comes to predictive shipping and voice assistance. For example, Apple's Siri or Amazon's Alexa will send more recommendations on what they think a person will like based on past purchases, and in this type of environment, it will become difficult to market to consumers, especially if launching a new brand.

To address this threat head-on, Abaci proposes moving away from being a transactional, product based brand to become an experiential brand.

"Our goal is for consumers to come to us not just to buy a product, but to become a better basketball player, for example," he explains. "Our promise to them is to make them a better player through better products and training. You cannot order, at least for now, personalized training from Alexa, so building out these capabilities will help to ensure that we remain relevant in this changing environment."

Abaci is hopeful that future data provided by these marketplaces will further Spalding's brand strategy. In terms of shopper insights and a deeper look in to the shopper journey, his ideal data would be synthesis of data from multiple sources to help understand how consumers, especially your most loyal consumers, make purchase decisions.

"As a brand marketer, I am increasingly interested in who our most loyal customers are, what they are purchasing and why" he says. "Understanding your core customer is critical to brand positioning and strategy. Currently, I don't see platforms providing this kind of rich data, but it will be crucial for us in order to move from talking about data's potential to gaining a true understanding of our customers."


DAVID ROMAN

Chief Marketing Officer

Lenovo


With more than 50,000 employees and \$43 billion in global sales across 160 countries, Lenovo is a global leader in providing innovative consumer, commercial and data center technology. As a member of the Fortune Global 500 and Interbrand's 100 most valuable global brands, Lenovo's vision is to create personal devices that are people-inspired. As the CMO, David Roman says that creating a customer-first culture is a top priority for the brand.

Roman believes that online marketplaces are an evolution of superior customer experience.

**“ECOMMERCE
MARKETPLACES ARE
FUNDAMENTALLY
REDEFINING HOW
CUSTOMERS INTERACT
WITH BRANDS AND
PURCHASE PRODUCTS.”**

“These platforms provide a customer experience that is tailored to the way people want to get information and purchase products, so it’s a logical evolution,” he says. “We are seeing a radical change in how individuals are seeking information, making decisions and seeking support for a product. eCommerce marketplaces are fundamentally redefining how customers interact with brands and purchase products.”

The key benefit that these eCommerce marketplaces provide for brands is access to a huge customer base in one destination. Scale allows these communities to provide better logistics and shipping options, not to mention a broader assortment of products.

He adds that the number of consumers that purchase from eCommerce marketplaces today will continue to increase, and as such, it is imperative for brands to be present within them. He adds that these marketplaces also provide an opportunity to build the brand through content that is relevant to the end consumer, making it a great opportunity to engage with customers beyond a transactional level. Still, price competition will continue to intensify and put pressure on brands to compete harder.

“In the short term, as more people buy online, manufacturers will likely see compressed margins and greater pricing pressure from customers,” he says. “Lenovo, as an omni-channel brand, has the luxury of balancing its go-to-market based on the needs of its consumers and viability of the various routes to market. We’re constantly paying attention to the shifting landscape and dealing with new drivers of cost, scale and customer expectations.”



He says the only way brands can make the transition to succeed in this new environment is to become much more focused on customers.

“Technology companies like ours have traditionally thought of the world in terms of the problems that we solve with the technology we have,” he explains. “Now, we are shifting from a product-centric focus to a customer-centric focus, which helps us redefine products and our solutions. We want to be where the customer wants to gather information and make a purchase, so we need to support all of the different routes to market and be present at each step of the buyer journey.”

For Lenovo, this shift marks a change in distribution strategy. The company previously organized many activities around its channel distribution structure. Now, with customer experience playing a greater part in financial success, its focusing on all of the different mechanisms important to that experience.

“We are talking about the whole journey—the end-to-end experience,” he says. “Our route-to-market approach is dependent on what we are learning about customer experience.”

When it comes to content strategy, Lenovo has historically focused on the various assets that described the product specifications well, but today content has evolved to fit the emotional needs of the consumer along their journey with a brand and offer a much more tailored experience. While the shopper journey is not as linear as it once was, Roman says there are still different phases that brands can identify, and he categorizes these phases into four buckets.

“The first level is to pique consumers’ interest by focusing on what they are doing and why they should be interested in this category,” he explains. “The second is to connect that with what they are doing and provide more information in that context. This also depends on outside sources; customers want information from their peers and not just the brand itself. The third level is the detailed information that people need to make a final purchase decision, including the specs, comparisons, performance and pricing. The fourth phase is when they are already a customer, and we are providing them with information, content, connections and community to deepen their involvement with the brand, which is truly the ultimate goal. We look at those four different buckets of content very differently and create assets accordingly.”

He says the notion of community is essential to the Lenovo brand, and product reviews from both professionals and peers via eWOM are crucial.

“Having customers contribute to the community based on their experience with a product

**“AS AN OMNI-CHANNEL
BRAND, WE HAVE THE
LUXURY OF BALANCING
OUR GO-TO-MARKET
BASED ON THE NEEDS OF
OUR CONSUMERS.”**



helps grow our brand and our community, as well as support others in the community,” he says. “Anything we can do to foster and build those communities is key to our success.”

Differentiation is also key to remaining competitive in these environments. He says the ability to manage margins and pricing and while differentiating one’s brand is the biggest challenge.

“This world is fighting for end-user consideration; it’s a world that is more price-driven and tends to commoditize products faster,” he says. “As such brands need to work harder to distinguish themselves from competitors.”

The job of branded content and digital advertising must target the right customers and then capture their attention without annoying them. He believes that tools like AI and machine learning will be helpful in understanding context, but he also feels that most of these tools are still rudimentary.

“If you purchase a product and are still being bombarded with ads about that same product, it is really counterproductive and actually worsens the customer experience,” he says. “As brands, we need to be really careful that our ads don’t backfire and that customers are viewing them in the right moment in their journey.”

He says that marketers must also be diligent in translating data to insights that are truly useful in enhancing the customer experience.

“Marketing is a mix of science and art; part is analytical, and part is translating that analysis into insight and a unique value proposition,” he says. “It is becoming more important to do that in a more agile way. Any transaction online provides immediate feedback to the brand, which enables you to take action sooner. At the same time, customer expectations are proceeding at that same speed. If you don’t respond properly and take the correct action, it becomes a negative. A lot of our marketing processes today are not designed for that speed of execution. We still need to figure out how to take action to leverage our insights in the best way possible.”

While eCommerce sites place additional pressure on traditional brick and mortar stores, resulting in store closures and repositioning of the overall retail footprint, the future is bright in terms of the benefits that eCommerce provides for brands.

“In the future, we’ll likely see a merging of online and offline commerce communities with social and physical stores and/or some similar entity that cuts further down on time and cost,” he says. “As smart home and similar technologies take root, we’re also likely to see a much more intuitive and seamless usage-based experience for consumables and IoT ecosystem products.”



OLGA PANCENKO

Chief Operating Officer & Vice
President of Marketing

PERRIN PARIS

PERRIN

Founded in 1893 in France, Perrin Paris started a century-old tradition of expert glove-making in what is still considered the French epicenter of leather goods craftsmanship. Today, the company has expanded to include a cohesive collection of luxury leather goods and accessories. With boutiques in Paris, Los Angeles, New York, Tokyo and Hong Kong, the company is still family-owned and run. Olga Pancenko, Chief Operating Officer and Vice President of Marketing, oversees wholesale, eCommerce, digital marketing and digital growth for the company.

“ONLY WHEN TRADITIONAL BRANDS START TO THINK AND ACT LIKE DIGITAL BRANDS WILL THEY BE PREPARED TO OPERATE IN THIS NEW TRADING ENVIRONMENT.”

Pancenko says that global eCommerce communities have made the world smaller by offering every person the opportunity to buy absolutely anything, no matter where they are. Because these platforms ensure that consumers can find most anything at the best price, often with free shipping, they pose a challenge for brick-and-mortar and online retailers and put traditional brands at a disadvantage.

Parallel markets created by eBay, Amazon and Alibaba have also influenced transactional margins for brands and wiped out traditional resellers while creating new jobs and opportunities for a new, digital-savvy generation. She points out that these platforms are making a business of advertising as well, and brands need to

understand the methodology behind them because these algorithmically-driven ads are very different from advertising in a traditional context.

“These algorithms focus on what will be most meaningful to a given customer, and brands need to truly understand the shopper journey to properly leverage those ad opportunities,” she explains. “I am not sure that any brand on its own can target customers as well as these platforms can simply because of the level of insight they have available. They know every single step that brands need to take to offer the best experience to customers and provide the most exposure at the right place and to the right audience.”

She also warns luxury brands about having a laid-back attitude toward eCommerce.

“Many luxury brands seem to focus mainly on the design and beauty of the experience when it comes to digital rather than focusing on the practicality of the customer experience,” she



says. “Only when traditional brands in every segment start to think and act like digital brands will they will be prepared to operate in the new trading environment.”

As she looks to leverage eCommerce communities within her own brand strategy, Pancenko wants to be sure to select a community that truly has the brand’s best interest at heart.

“There is currently a platform that is making its own branded products and increasingly pushing consumers there,” she says. “While it may be advantageous for brands to sell through that channel today given the built-in customer experience and fulfillment they provide, the platform is also gaining all of those consumer insights, which will enable them to create their own branded products to replace the high performers. This can be very dangerous for brands.”

And while brick-and-mortar still plays a vital role for Perrin, Pancenko does not underestimate the power of digital for consumers, whose expectations are rapidly changing.

“Today at Perrin, we are offering free global delivery, one-step checkout, live chat support for immediate assistance, seamless tracking of orders and more,” she says. “We have to view ourselves as a digital company selling luxury goods rather than a luxury goods company building a digital presence in order to remain competitive.”

The company currently runs six stores, a wholesale operation and an eCommerce business. The eCommerce business accounts for approximately 15 percent of the overall business, which is a huge percentage for a medium-sized luxury business. In fact, their eCommerce revenue rivals that of the New York and Beverly Hills brick-and-mortar locations.

With this focus on digital, she explains that the team is investing heavily in personnel to bring new digital strategies to life.

“We have a clear pre-order function that allows us to have clear visibility on performance and allows us to optimize and plan our production better,” she explains. “With these efforts, I believe our eCommerce business can grow another 30 percent in the upcoming year.”

She says that while the last few decades were all about exclusivity when it came to luxury brands—which were building narrow communities—that dynamic is changing today. Pancenko’s focus is to leverage digital messaging to provide luxury shoppers with an inclusive experience.

**“EVERYTHING WE
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“As a niche brand, you certainly want to be exclusive, but when it comes to your relationship with your customer, you must be inclusive,” she explains. “This is especially true today as the new consumer is looking for more information and participation.”

Part of creating that inclusive experience is ensuring the right content and advertisements are reaching consumers at the right time.

“We adapt digital messaging in different markets depending on local preferences,” she says. “We also know that consumers today are looking for more of an experience with a product, so we have started to create videos showcasing how a product is worn. Everything we are doing today is to ensure we are creating the same brand experience online that they have come to expect in our stores.”



ALLISON GIORGIO

Vice President of Marketing

PUMA North America



For nearly 70 years, PUMA has delivered iconic footwear, apparel and accessories to fashion-forward athletes around the world. Today, the brand operates in more than 120 countries and has more than 13,000 employees. The PUMA brand extends across the football, running, training, fitness, golf and motorsports categories. Driven by the brand's "Forever Faster" positioning, Vice President of Brand Marketing Allison Giorgio seeks to take digital innovation to the next level in 2018 to power their increasing focus on eCommerce opportunities.

Giorgio says the online marketplace is one of the most fascinating spaces today from both a business and brand marketing perspective.

"WE ARE LOOKING AT DIGITAL EXPERIENCES AS A HEAVY PART OF OUR MARKETING MIX: FROM AUGMENTED REALITY TO SOCIAL MEDIA TO CONVERSION."

"There is not a single conversation around our eCommerce business that doesn't somehow factor in marketplaces," she says.

With SKUs across footwear, apparel and accessories—not to mention multiple business units across soccer, running, training and sportstyle —she recognizes that marketplaces will shift how the company thinks about distribution strategies and will propel new ideas to reach their customers.

For PUMA, a brand that has a strong place within both the athletic and fashion realms, product mixing and an intelligent distribution approach is paramount.

"Our consumers typically value both sport and style, but some may be more athletically inclined whereas others might be more style-based in their purchasing decisions. Our brand is a fusion of the two," she says. "While our core consumers share attributes such as creativity, uniqueness and authenticity, we also recognize that it is important to reach our unique segments in the ways that are most appropriate to them."

"In 2018, we are exploring digital experiences as a heavy part of our overall marketing mix. We will be looking into everything from augmented reality to social media and app based programs to digital conversion-focused tactics."

Giorgio recognizes that marketplaces have completely reshaped how companies need to think about commerce today.



“Our consumers have totally shifted their habits and shop more online and via their mobile devices than they ever have in the past,” she says. “Their expectations have changed. They’re looking for multiple choices, and they want them at a fast pace. It’s the reason why we’re seeing a great increase in our Amazon business, why we work with eBay marketplace and why we’re exploring other marketplaces.”

The data provided by marketplaces is also creating positive business outcomes by allowing them to make much better decisions. It helps them understand who is purchasing their products and tailor their offers accordingly, in addition to making them think about differentiation through a completely different lens.

“We have to think about marketplaces in terms of how we can curate the right products and the right marketing messages for the different marketplaces that exist,” she says. “The challenge is that they can still be viewed as commodity destinations by many consumers, who will look for the best deals and explore different sites until they find the best price.”

For Giorgio, the opportunities in leveraging these marketplaces are vast, and this year will see a focus on capitalizing on those opportunities both for the benefit of the consumer and the benefit of the brand.

**“CUSTOMER
EXPECTATIONS HAVE
CHANGED. THEY ARE
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CHOICES, AND THEY WANT
THEM AT A FAST PACE.”**



SONESH SHAH

Vice President of Brand Marketing & Digital
Robert Bosch Tool Corporation



The Bosch Group is a leading global supplier of technology and services, with more than 350 subsidiaries and regional companies in more than 60 countries. The Robert Bosch Tool Corporation in North America is a leader in the design, manufacture and sale of power tools and accessories. Bosch Tool Corporation launches more than 100 new power tools into the global market every year. Sonesh Shah, Vice President of Brand Marketing and Digital at the Robert Bosch Tool Corporation, explains that his role in eCommerce and digital marketing has evolved to encompass IoT and brand marketing as Bosch wants to ensure that digital strategy is part of a holistic brand approach to addressing an evolving marketplace.

“IF YOU ARE A RETAILER TODAY AND YOU HAVEN’T ALREADY INVESTED IN ECOMMERCE — YOU’RE IN BIG TROUBLE.”

Within the U.S., the power tools business can be split across two main segments: professional (under the Bosch brand) and do-it-yourself (under the Dremel brand). Back in 2007, when Bosch started selling on Amazon, the goal was to better understand the impact that eCommerce could have on the industry. Today, eCommerce platforms represent a significant part of their overall marketing and sales strategy. In fact, Shah says that eCommerce platform sales are so important to their current strategy that it has changed the way the organization is set up.

“A few years ago, we actually split our internet channel into its own separate sales channel,” he says. “That was a really big change for our organization since we had spent many years segmenting by industrial business and big box business only. Now we look at the internet business on its own.”

He adds that Bosch’s realization of the importance of eCommerce led them to build a center of excellence for digital, which encompasses everything from eCommerce sales to digital marketing to technology has now been closely aligned with the brand marketing organization.

“If you’re a retailer today and you haven’t already invested in eCommerce—especially if you are retailing fairly traditional products—you’re in big trouble,” he says. “For us, that understanding is what led us to establish an eCommerce center of competency, which later became our digital center of competency.”

Establishing digital best practices means careful consideration of where and how Bosch



products are sold. Even for platforms where Bosch does not sell directly, the team has established firm policies for eCommerce sales.

“We have strict marketplace management policies in terms of which distributors can sell our products and within which marketplaces they can sell them,” Shah explains. “The majority of our business is done through distributors, and our product-based advertising also happens through distribution partners, so those capabilities are a major consideration when selecting a platform.”

Bosch has a direct relationship with all of their main retailers, and Shah has seen an evolution in how “big box” retailers operate to address the growing consumer preference for omni-channel shopping experiences.

“We see some larger retailers providing unique benefits to customers by leveraging the power of now, and the omni-channel experience will be increasingly important because it allows people to choose the channel that is most convenient to them, whether it is buying a product online or visiting a store for advice or to pick something up quickly for the jobsite,” he says. “We’re also seeing that new retailer capabilities that allow a customer to buy a product online and pick it up in the store are hugely popular and provide a convenient approach for many customers.”

Still, the benefits of always-on eCommerce markets are huge. They provide full visibility into all transactions within a platform, and they can track shopper behavior and relevant data around how that shopper arrived at their purchase decision. They also have relevant consumer data, such as whether a product is for professional or home use, what they are saying on social media, what problems they might be trying to fix, etc., so there is a digital trail that can provide increased visibility and insight into a consumer’s profile and buying behavior. Whether through Bosch’s own platform or through an eCommerce platform, the ability to capture relevant user data is paramount.

**“WE COMBINED OUR
DIGITAL CENTER OF
EXCELLENCE WITH
OUR BRAND TEAM TO
PROPERLY EXECUTE
BASED ON DATA INSIGHTS.”**

“Most online marketplaces do not allow user data to be used for marketing, even if they provide customer data,” he explains. “Therefore, there is still a gap that must be overcome to fully leverage these platforms for proper customer insights, segmentation and engagement.”

Shah believes they are still early in fully unifying and integrating data sources, as well as understanding how to best personalize engagement and target account development.

“One of the reasons we decided to combine the digital center of excellence with the brand team was to truly understand the data patterns and properly strategize and execute based on those insights,” he says. “For us to truly leverage data for personalized impact, we had to



innovate our model, which was a big impetus for us. We recognize the importance, we see the opportunity, and we're building great plans, but we have not even begun to scratch the surface of the potential business impact.

"For us, the first step is simply to understand what people are buying, who they are and when they are making purchases. We don't have these basic insights today, and with that information alone, we could make huge strides. Second to that, we need to begin to communicate more effectively with our users in ways that are not interruptions, but rather, when and where it is meaningful. Digital allows us to do this, but it cannot be done well without the proper customer insights and internal competency.

Shah notes that if you have the right product development focus and a large enough platform, the limits are endless. Therefore, it is no surprise that this is the main focus for Bosch when it comes to strategy.

"The two big areas we focus on are improving the customer experience and investing in go-to-market strategies," he says. "We are also looking at how to innovate and build larger-scale programs that are digitally focused to bring in new revenue opportunities."



GREGORY BUTZ

Vice President of Marketing Communications

Serta Simmons Bedding



Since its very first Perfect Sleeper® mattress was released in 1931, Serta has been a pioneer in mattress comfort and innovation. Today, Serta is the No. 1 mattress manufacturer in the U.S. and a leading brand around the globe. Gregory Butz, Vice President of Marketing Communications for the \$1.6 billion Serta brand, is charged with leading integrated communications across traditional and digital marketing, PR, eCommerce, shopper marketing and customer support. He believes that new digital ecosystems push brands to tell their stories in new and compelling ways.

“With the myriad of products available in global commerce marketplaces, a strong brand presence is more important than ever,” he says. “Our focus today is to manage these marketplace sellers in a way that ensures our products are available by utilizing the right content in the right product categories to a vast audience, all while protecting brand integrity.”

“DIGITAL PURCHASING BEHAVIOR AND SHOPPER INSIGHTS HELP US TO MASS-CUSTOMIZE AND LOCALIZE AD MESSAGES.”

Customer expectations are higher than ever, and they do not hesitate to communicate about brands and products, whether on eCommerce platforms or social media. Tapping into these insights is paramount in order to continue to improve products and better understand customer preferences.

With increasing numbers of consumers claiming they have purchased a mattress online, investment in eCommerce is critical for Serta. However, the increase in digital sales comes with a wider net of distribution channels, which is a unique challenge for

a company that sells such large products. Add to that the downward pressure on pricing, and demonstrating brand value becomes even more important.

“When it comes to eCommerce the reality of distribution is a challenge—getting these large mattresses from one place to another can be expensive, and it puts a strain on our logistic partners,” he says. “Innovation is a huge part of our value proposition, and we are focused on intelligent product assortments, clear price-value relationships and a disciplined approach to managing online marketplace sellers to ensure brand integrity.”

While digital growth is creating new challenges, it is also yielding valuable data to help the company better understand its consumers.



“Digital engagements have allowed us to better understand the consumer, their purchasing behaviors and shopper insights that can help us to mass-customize and localize digital ad messages,” he explains. “The new ways we are going to market give us new insights that were never before available, and they help us to get the right message to the right consumer at the right time, optimize innovation activities, and rethink promotions and offers.”

The Serta team is even working to help advance the digital capabilities of its retail partners.

“We have a localized program called AMP, which focuses on targeting regional and independent retailers to provide new digital marketing tools,” Butz says. “As we look at 2018, digital will be hugely important as we re-evaluate how we go to market, how we help our retailers and what tools and tactics we must use to succeed.”

When it comes to eCommerce behemoths, he points to two key offerings that make those types of platforms critical for Serta.

“The size and scale of what they offer from a turnkey business solution perspective is extremely compelling,” he says. “The first is to push us to advance our distribution model by offering a single platform where customers can purchase and receive an item quickly. The ability to stock a certain amount with them helps streamline our distribution process—a tricky undertaking for large products like mattresses. The second compelling offering is that these types of platforms bring really interesting promotional opportunities for us with a different mix assortment. We are keen to further leverage these capabilities as we build and grow our eCommerce ecosystem.”

**“THE CONSUMER DOES
NOT WANT JARGON. THEY
WANT CONTENT THAT
FOCUSES ON BRAND
VALUE.”**

Butz explains that several key trends are emerging in the eCommerce and overall retail space that will change how companies utilize digital engagement strategies.

“The first big shift is in consumer demographics as Hispanics and millennials, in particular, are changing the way we think about how we market to them, how they communicate and what their preferences are,” he says. “The second trend is the fact that every consumer has the world’s largest store in their pocket. The ability to buy, sell and review immediately means we need to focus on highly personalized marketing. Lastly, we are experiencing a distribution revolution set by expectations established by these eCommerce platforms that are offering next-day or even same-day delivery. That is certainly changing the way we think about delivery in the mattress industry, which means distribution channels are increasingly important.”

Given that a new mattress is only purchased every eight years on average, engagement tactics need to focus on bringing people into the network and building brand awareness so

that when the time comes, consumers will look to the Serta brand to purchase.

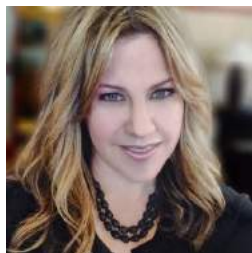
“Our digital engagement strategy is to bring new consumers into our family, keep them aware of the brand, and give them a platform to have conversations around the product and their experience,” he says. “When they are ready to replace their mattress, we send offers and promotions to encourage that activity.”

A key focus for Serta is to demonstrate brand value and focus on innovation as a point of differentiation, especially as many platforms allow consumers to compare items by price. As a result, they look to create content that is consistent and focuses on the value of their products.

“We do not want consumers to look at our brand versus others as an apples-to-apples comparison, so we focus on innovation and new product offerings that provide consumers with the best possible sleep they can get,” he says. “Our campaigns are becoming more simple and clear in our messaging and product differentiation versus the competitor. The consumer does not want boring bed jargon. They want content that focuses on the brand value and a place to be able to easily access additional information if they need it.”

Looking toward the future, Butz says his focus will be on truly understanding the consumer across their different product lines.

“Digital gives us real-time data to shift our strategies and brings a new perspective to sleep solutions, so in 2018, I want to flip marketing on its head and augment real-time information from consumers via digital in terms of what they are saying, feeling and thinking about our products,” he explains. “We will then drive our R&D and marketing efforts to ensure we are delivering on what consumers want.”



AMY PASCAL

Vice President of Marketing – Americas

The LEGO Group



Founded in 1932, the LEGO Group has been manufacturing interlocking toy bricks since 1958, and celebrates the 60th anniversary of the iconic LEGO brick this year. Since then, the brand has developed a subculture that includes movies, games, competitions and six LEGOLAND amusement parks. Amy Pascal, Vice President of Marketing for the Americas, oversees all areas of marketing, including brand marketing, public relations, events, digital, retail and shopper marketing, and eCommerce. She explains that her primary mandate is to evolve the company's digital strategy.

Pascal notes that in the earlier days of the web, eCommerce sites existed, but they were not on the radar because they were so small.

“Everything happening on the web at that time from a marketing standpoint was focused on reaching and engaging with consumers,” she explains. “Marketers focused more on content platforms as the audience and reach was quite large. Then, social media sites began to gain traction in the areas of content, advertising and engagement. eCommerce sites were just humming along in the background while marketers and publishing sites got attracted to social and search and built out those capabilities. As a marketer, what is so interesting about these e-commerce communities is that they are commerce platforms, but they are also content platforms that reach a massive audience. For us, it is important to ensure we are leveraging these platforms to build awareness through marketing campaigns and content creation.”

“WE LEVERAGE THESE PLATFORMS TO BUILD AWARENESS THROUGH MARKETING CAMPAIGNS AND CONTENT CREATION.”

She explains that in consumer goods, where industrywide, 98 percent of sales traditionally come from traditional big-box retailers, most marketers have not been paying attention to the growing opportunity within eCommerce, but the role of big-box retailers is dramatically changing in the face of eCommerce disruptors.

“Today, branded experiences exist both in a virtual space and in a store, so the lines continue to blur,” Pascal explains. “For example, if a customer makes a purchase online and then picks up their

items in a store, is that considered eCommerce or brick and mortar? As the lines continue to blur, omnichannel approaches become increasingly important.”



As a longstanding and well known global brand, The LEGO Group emphasizes the importance of its relationships with major retailers. As those retailers transform to become more omnichannel-focused, the LEGO Group leverages those relationships to create rich in-store experiences for customers.

“We have so much rich content beyond our products, including in-store building events, and we get a lot out of those because they enable us to create more immersive, experiential engagements with our consumers,” she says. “Kids’ preferences and behaviors are always changing, and with the significant growth of the toy category in recent years, we have been challenged to step up our game in terms of providing relevant experiences to our customers. We have a YouTube show called REBRICKULOUS that is very kid-first instead of product-first. We also recently launched the first safe social network for kids through an app called LEGO Life, an immersive experience where kids can creatively engage and play with a social functionality, allowing them to share and connect with other kids in a safe social environment. We are focused on creating more of these digital experiences along with in-store experiences to ensure we continue to be number-one with kids.”

“BY ANALYZING SHOPPER PATHWAYS, WE CAN OPTIMIZE AND PLAN OUR SEARCH TO BE MORE HUMAN-FOCUSED AS OPPOSED TO PRODUCT-FOCUSED.”

Whether through the brand’s owned channels, including LEGO.com, social media, eCommerce platforms or brand retail stores, Pascal explains that these channels are the LEGO Group’s opportunity to tell the brand story in their own voice.

“We leverage these communities to engage our high-affinity customers to provide a special experience, exclusive products that we don’t offer in the general market, and a fully controlled brand experience.”

When leveraging eCommerce platforms, scale and reach are of the utmost importance as they allow the company to work at a scale that extends far beyond traditional brick and mortar. For example, the company will often launch a play theme in association with an upcoming movie release, and those communities enable The LEGO Group to offer more immersive and complete content and commerce experiences.

Another major benefit of these platforms is in their search capabilities.

“With these global platforms, we can reach someone further up the marketing funnel, so if they were just searching for boys’ toys, we can respond with search, providing an immersive content experience to get them more informed and interested so that they will hopefully convert,” she says. “We have found that we’re able to more quickly convert shoppers through our marketing programs on these platforms and better understand the quickest path to success. By analyzing these shopper pathways, we have learned a lot in terms of how to



optimize and plan our search to be more audience-focused and human-focused as opposed to product-focused.”

Despite significant advances, however, there is still a data gap that prevents companies like LEGO Group from fully leveraging shopper insights.

“From an analytics perspective, these walled gardens can provide more real-time deep data than would be possible from traditional big-box retailers,” she says. “That enables us to better understand how people shop our themes and brands and the frequency with which they do so. However, we would like to have a lot more data from these platforms. We’re investing marketing dollars there with limited access to insights and data. I’d like to see more data from our retail partners in regards to the consumer conversion journey, which will help us to better understand what drives certain actions I don’t believe in data for the sake of having data; data is insignificant if we can’t derive informed and actionable insights from it. With any data we receive, I encourage my team to view it from the perspective of what the behavior behind an action means and how we can leverage those insights to continue to improve upon our shopper journey and better serve our consumers.”

EBAY EXPERT COMMENTARY



BRIDGET DAVIES

Vice President and General Manager,
eBay Advertising
eBay



Senior marketing leaders agree that global eCommerce communities are revolutionizing and reinventing the global retail marketplace. Close to half (46 percent) of marketers surveyed for this study say this revolution is forcing them to rethink every aspect of how they go to market.

The benefits of eCommerce platforms for buyers are multifaceted. Customers appreciate the pricing transparency, predictable experience and quick, assured delivery offered by these platforms while savvy brand marketers understand the benefits of leveraging these platforms to regain the minds of their customers. Based on both the quantitative research findings and the deep-dive executive interviews, we have identified three key trends that reinforce our mission at eBay to enable brand marketers to reach, engage, support, satisfy and repeatedly sell to their target customers.

Trend One: The Convergence of Customer, Commerce and Content

Customers seek robust communities that allow them not only to purchase, but also to research products, learn from peers and compare deals. When asked to name the top three benefits that marketers gain from large eCommerce communities, their top-ranking choices were:

1. These communities enable vast numbers of active, predisposed buyers and sellers to transact seamlessly.
2. They provide optimized infrastructure for order processing, fulfillment and interaction at scale.
3. They reach broad categories of consumers and small business customers in search of products.

As Amy Pascal, Vice President of Marketing for the Americas at the LEGO Group, says, “When it comes to online marketplaces, they’re so huge, we can’t afford not to be on them. It’s about search, it’s about content, and it’s about commerce when it comes to these environments.”

With 171 million global active buyers across 190 markets, eBay connects brands to shoppers at scale. Our goal is to enhance the global eCommerce marketplace by providing brands the ability to connect with consumers at scale while using data-driven insights for better targeting and improved content development capabilities to deliver key insights. As brands continue to struggle to drive traffic to online storefronts, our platform is able to drive traffic and create demand, as evidenced by eBay's \$88 billion in GMV in 2017. We also provide our advertising partners with massive scale as eBay is the second-largest marketplace in the United States.

Trend Two: The Need for Data-Driven Intelligence

The data provided to marketers through shopper journey insights aggregated on global eCommerce platforms enables them to better understand their customers' preferences and unique shopper journeys, thereby better preparing marketers to differentiate their brands online. According to the research, the top three ways that marketers are looking to differentiate their brands in these marketplaces are:

1. Delivering richer, more visually engaging content
2. More intelligently using customer data and shopper intelligence
3. Creating more compelling and persuasive brand narratives

Allison Giorgio, Head of Marketing at PUMA North America, states, "Without a doubt, the data that marketplaces are able to gather allows us as marketers to make better decisions and to understand exactly who is purchasing our products."

Shoppers are more receptive to ads that fall in the path to digital purchase, so we work to make sure ads on eBay appear in relevant ways that add brand value. We have the numbers and are able to guide brands in better understanding the journey and how to reach their audience throughout that journey. For example, we know that on average, smartphone purchases are considered over 32 days. In those 32 days, the average consumer is touching 60 categories, using an average of 2.5 devices. All of the programs we set up can help influence the shopper journey during those 32 critical consideration days.

Trend Three: Democratization Through Digital

Consumers are clear on their expectations when it comes to making online purchases, and marketers understand those expectations. When asked what marketers believed were the top five attributes of online communities to consumers, they noted these qualities:

- Make it easy to search for and find products (65 percent)
- Offer 24/7 convenience (59 percent)

- Offer lower prices and pricing transparency (51 percent)
- Provide better selection and availability (35 percent)
- Provide quick and assured delivery (35 percent)

Jane Lockwood, Vice President of Global eCommerce for Brooks Running, says, “I view global commerce communities with great admiration and positivity; these marketplaces provide customers with an amazing new way to learn about brands, products and services. And they have democratized shopping and made it available wherever consumers happen to be.”

We believe marketers need to take three key actions to ensure they remain relevant in today’s marketplace:

- Rethink how to reach the consumer
- Uplift the experience to reach customer expectations
- Calibrate the where, when and how of engagement

We are investing in our future with artificial intelligence and machine learning to further refine our capabilities as a content and commerce platform. We are fueling better, more personalized interactions through our community, the proper utilization of technology and a customer-centric mentality. eBay also uses shopper journey insights on our diverse platform to deliver transparent data for brands and sellers. These powerful learnings can be expanded across all marketing initiatives to help set overall goals and strategy, ultimately motivating better business results by providing greater transparency around target customers. Our goal is to help brand marketers better connect to their consumers while simultaneously offering our customers a vast array of brands and products that are relevant to them.



ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 15,000+ members control more than \$500 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 65,000 global marketing and sales executives in over 110 countries covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Customer Experience Board, Digital Marketing Performance Center, Brand Inspiration Center, Marketing Supply Chain Institute, GeoBranding Center, and the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE).



ABOUT THE DIGITAL MARKETING PERFORMANCE CENTER

The Digital Marketing Performance Institute is a strategic interest group dedicated to providing tools and resources to help enhance the execution and effectiveness of digital marketing efforts. As a sub-group of the Chief Marketing Officer (CMO) Council, we are able to provide a wealth of reports, news articles, white papers and research about the latest challenges, trends and best practices across the full scope of digital marketing efforts. In addition, you will also have the opportunity to contribute your insights by participating in any of our featured surveys.



ABOUT EBAY

eBay Inc. (NASDAQ: EBAY) is a global commerce leader including the Marketplace, StubHub and Classifieds platforms. Collectively, we connect millions of buyers and sellers around the world, empowering people and creating opportunity through Connected Commerce. Founded in 1995 in San Jose, Calif., eBay is one of the world's largest and most vibrant marketplaces for discovering great value and unique selection. In 2017, eBay enabled \$88 billion of gross merchandise volume.



ABOUT EBAY ADVERTISING

eBay Advertising, a division of eBay Inc. (Nasdaq: EBAY), helps brands understand and influence the shopping journey of 170M active buyers worldwide. With 1B live listings consisting of the most diverse selection of new, luxury, rare and collectible items in the world, eBay offers unrivaled insights into the shopper's motivation and intent. eBay Advertising data tells a story about what fuels users' actions during each stage of the shopping journey, from product research to purchase. A powerful suite of tools combined with scientific shopping data translates into actionable insights that help brands influence their target market's path-to-purchase and achieve brand and sales goals.