

BEST PRACTICES FOR RETAIL MARKETING

Strategies to Move Inventory and Reach Consumers Before Your Competition

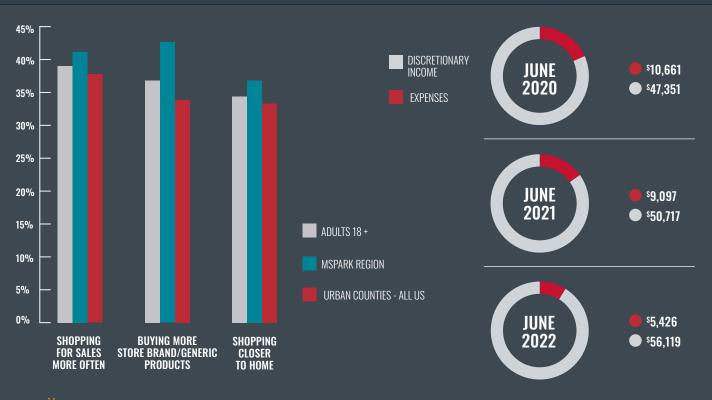
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INTRODUCTION

Consumers today are feeling financial pressure from the highest annual jump in inflation since the 1980s. In the small markets and rural communities we serve, discretionary income decreased by nearly half (49.1%) from June 2020 to June 2022, compared to only 13.1% for urban consumers, according to analysis of consumer price index (CPI) data by lowa State University. During this period earnings only rose 6.1% against inflation of 9.1%. These consumers are more likely than their urban counterparts to shop sales more often, to buy more store brand or generic items, and to shop closer to home to save on gas. They are also **21%** more likely to use coupons than urban shoppers.

As you adapt your retail marketing strategy amid an ever-evolving landscape, responding to shifts in consumer behavior can help you acquire new customers and increase your market share. This eBook is designed to share the knowledge we've built over the last 30 years of connecting brands with consumers in our markets to help you reach your goals.



01

PROMOTE GRAND OPENINGS AND KEY EVENTS

to Reach Consumers Before Your Competition

GRAND OPENING STRATEGY

U.S. Retailers announced 1,910 new store openings planned for 2022, many of them discount and off-price stores, most notably Dollar General, as reported by Coresight Research. Dollar General announced plans to open 1,100 new stores in 2022 as net sales rose 3.9% to \$8.5 billion in 2021.

With the ability to place your message in your target audience's mailboxes in as little as 4-5 days, you can connect with consumers to promote your grand openings and other promotional events, even with a changing schedule. The flexibility and speed to market of trigger marketing programs enable you to reach consumers quickly to promote key events.

Blunt competitors using foot traffic studies that allow you to attract customers from overlapping trade areas.

REACH MORE CONSUMERS FASTER WITH TRIGGER MARKETING

Connect with customers and build relationships that last a lifetime as they celebrate life's milestone events, including weddings, births, birthdays & anniversaries, and new home purchases. Timing is key in these situations, as buying habits change in response to important life events, and these consumers spend more than the average customer. The opportunity to win customers for life by connecting with these consumers during these moments can't be overstated.



#1 REACH CUSTOMERS FIRST

Your message/offer reaches homes as much as 6 days sooner than competitors.

#2 ACCURATE DATA WITH NO WASTED AD SPEND

Up to 15% more mover records are available in Mspark's data than competitor data. Ensure virtually 100% accuracy with 18+ data sources and sophisticated data processing with daily updates.

#3 PERSONALIZED

Connect with meaningful messages personalized to your customer's needs.

THE HIGHLY VALUABLE MOVER AUDIENCE

The 1.75+ million people who move every month spend \$9,000+ and make more than 70 brand decisions. Be the first to connect with these consumers as they establish shopping patterns in their new communities. Mspark's quality data sources are updated more often than competitor data, enabling you to reach up to 15% more movers.



NEWLY MARRIED COUPLES COMBINING HOUSEHOLDS

On average, **2.3 million** people get married every year. As these new couples combine households, they will often make larger purchases that include big ticket items like appliances, furniture and home décor. Additionally, this is a key time for marketers to strengthen existing relationships by keeping them engaged in their new life decisions. Reach this audience when they are making these important choices.



WELCOMING A NEW BABY

Approximately **4 million** babies are born in the US every year, and new parents spend on average over \$12k during the first year of their baby's arrival. When a baby enters the home, buying decisions change dramatically! Consumers are doing research and purchasing clothing, toys, furniture and other baby-related supplies.



CELEBRATIONS

Establish lasting emotional bonds with your customers by inviting them to celebrate their birthdays and anniversaries with you. Strengthen loyalty with a strong offer to drive purchasing decisions.

With the flexibility to reach only your current customers, a specialty audience, or your entire trade area, <u>Quick Connect from Mspark</u>, our trigger marketing solution, allows you to respond to changing market conditions or business needs when it matters most.

02 | MOVE EXCESS INVENTORY Through a Coordinated Multi-Channel Strategy

SHOPPERS GETTING SQUEEZED BY INFLATION RECEIVED WELCOME NEWS GIVEN TODAY'S ECONOMY

Promotions on televisions, furniture, clothing, sporting goods and other big-ticket purchases are ramping up. The news for retailers is less welcome: they're sitting on excess inventory.

Target, Walmart, Best Buy, Urban Outfitters and other top retailers recently reported they plan to lower prices and increase sales to eliminate excess inventory, according to an article published on cnn.com.

Many retailers ordered products months ago in anticipation of ramped up consumer spending—spending that quickly diminished in response to historic levels of inflation.

Companies chased as much merchandise as possible to support demand, which has now slowed.

- Dana Telsey, CEO and chief research officer at Telsey Advisory Group.

More recently, Kohl's and Gap announced they plan to hold some unsold merchandise in inventory and return it to shelves in late 2022 and into 2023 in hopes of selling it later. Gap inventory increased **37%** in the most recent quarter and reported **10%** of that resulted from "pack and hold" of unsold inventory.

Similarly, Kohls said it is retaining an extra \$82 million in inventory, including some items it will sell into the upcoming holiday season.



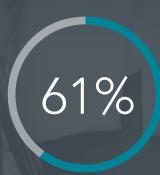
COMMUNICATION STRATEGIES FOR RETAIL MARKETING

For retailers seeking to move excess inventory rather than "pack and hold," there's no better time to drive traffic back to stores. This year, 8 out of 10 consumers have returned to shopping in store, and over half of them (52%) say they prefer it.

It's important to realize that consumers squeezed by inflation are more value-driven than ever. Communicate your special offers and value effectively with a targeted, multi-channel marketing strategy. Target consumers cost effectively, manage audience attention, and deliver coordinated messages that keep your brand top-of-mind throughout the buying cycle.

DID YOU KNOW?

PURCHASE INTENT INCREASES 175% when anchoring your digital campaign



of consumers visited a retailer's website after receiving a print ad. Proving print is an effective digital on-ramp.



Campaigns that include both print and digital touch points increase awareness and retention by as much as 52%.

Integrated campaigns that include ads in print and digital formats increase response as much as 30%, and the likelihood of making a purchase by



Timing is key. Be ready to meet people in all the places they shop with timely messages. 50% of consumers are more likely to purchase from a retailer that reaches out at the right time when there is a need for a product or service.



with print!

03 |

RURAL MARKETING:

Why Small-Market Consumers Shouldn't be Overlooked in Your Advertising Strategy



DO YOU HAVE A RURAL MARKETING STRATEGY?

Often overlooked, rural consumers are Americans living in smaller, yet highly lucrative, C & D markets.

Why is this an important distinction for advertisers? Roughly 20% of the country's population, these consumers have different values and engage with media differently than their urban counterparts. Advertising strategies that are effective for urban consumers may fall flat with their rural counterparts.

Small-market and rural consumers are also very price and value conscious, and they exhibit different planning and shopping patterns.

As prices continue to rise in 2022,

SMALL-MARKET & RURAL CONSUMERS ARE ADJUSTING THEIR HABITS MORE THAN THEIR URBAN COUNTERPARTS:

- Small-market & rural consumers reported seeing price increases up to 9% more than their urban counterparts across multiple categories including grocery, gasoline, dining out, and home improvement.
- Nearly half (45%) of rural consumers surveyed report driving less than urban consumers; 40% are making fewer shopping trips.
- Rural consumers are 5% more likely than urban consumers to decrease their overall spending as prices rise, and they are also more likely to defer purchases such as dining out, apparel, entertainment, home improvement, and automobiles.

In response to these price increases, especially fluctuating gas prices, rural consumers are more likely to shop sales and **21%** more likely to use more coupons than urban consumers. How can you target these value-oriented shoppers with compelling offers and coupons to acquire new customers?



SMALL-MARKET & RURAL CONSUMERS RESPOND TO PRINT

Rural consumers are more likely to be influenced by print advertising and offers when making a variety of purchase decisions:















DELIVER VALUE TO THE CONSUMERS MOST LIKELY TO BECOME YOUR BEST CUSTOMERS WITH SHARED MAIL

If this audience is important to your business, you can reach them cost effectively through shared mail programs. Shared mail drives brand growth and customer engagement strategies for national and local advertisers in these important markets, including as a replacement for Total Market Coverage (TMC) newspaper. Relied on by advertisers across the nation to reach consumers in these markets for years, TMCs are disappearing, with more than 300 discontinued since 2019. You can fill these gaps with targeted print campaigns.

Combining consumer and marketplace data, coordinated media campaigns can be crafted using a seamless mix:

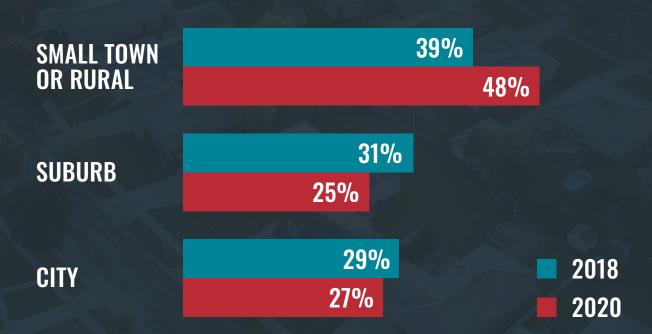
- shared mail
- direct mail
- trigger-based marketing
- digital advertising solutions such as display, retargeting, and Mobile ID tracking extend reach and response of your campaigns
- all strategically crafted to drive the right audience attention to achieve your marketing goals.

DID YOU KNOW?



OF AMERICANS BELIEVE LIVING IN A SMALL TOWN OR RURAL COMMUNITY WOULD BE IDEAL.

That's up **8%** from 2018.





04 | 10 REASONS WHY DIRECT MAIL MARKETING IS A CORE COMPONENT

of Today's Strategic Mix

The pandemic made an already virtual world even more so—remote learning, remote working, online shopping, and online food and grocery ordering. Many advertisers also increased their digital strategies to reach consumers. While digital ads can be an effective part of any marketing mix, they don't manage audience attention like the tactile interaction of a printed piece. A digital-only strategy leaves eyeballs—and revenue—on the table.

THE CASE FOR DIRECT MAIL MARKETING

Research proves that for optimal results, a strategic marketing mix needs a print component as part of a coordinated, multi-channel strategy. Here are 10 reasons why:

#1 IT RELIEVES
DIGITAL FATIGUE

75% of consumers surveyed said they see an overwhelming number of digital ads daily.

#4 IT RAISES AWARENESS

44% of survey respondents said direct mail made them more aware of a brand.

#2 IT DELIVERS

Direct mail has the **highest ROI** of any direct marketing channel according to the ANA's 2021 Response Rate Report.

5 IT MOVES CONSUMERS ON THE PATH TO PURCHASE

39% of consumers surveyed said they had made a purchase after receiving direct mail.

#3 IT DRIVES WEBSITE VISITS

60% of consumers surveyed visited an advertiser's website in response to direct mail.

THE CASE FOR DIRECT MAIL MARKETING, CONTINUED...

#6 IT PROMPTS RECIPIENTS TO TRY **SOMETHING NEW**

54% of respondents to the latest USPS survey reported trying a new product or service in response to direct mail within the past six months.

#7 IT HAS A LONGER SHELF LIFE

70% of consumers look at ads they receive in the mail and keep them an average of 14.5 days.

IT APPEALS TO **CONSUMERS OF ALL**

but especially younger consumers. Percentage of each age group who engage with at least 3 out of every 10 pieces of direct mail they receive:

- Gen Z. 42%
- Millennials, 62%
- Gen X. 54%
- Baby Boomers, 46%

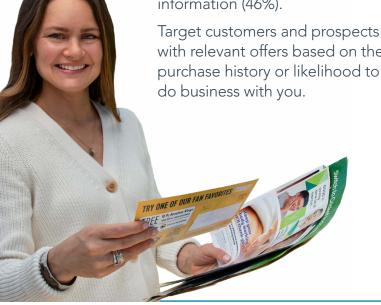
CONSUMERS LIKE IT

72% of survey participants said they feel positive about receiving direct mail because it usually offers them a good deal (62%) and it gives them relevant information (46%).

with relevant offers based on their purchase history or likelihood to

#10 IT INCREASES **RESPONSE RATES**

up to 118% and conversion rates up to 28% when combined with digital ads as part of a coordinated campaign.



THE BOTTOM LINE

Direct mail marketing is a core component of today's multi-channel mix, driving response and ROI across a wide range of industries and consumer age groups.

SUMMARY

Mspark works with leading retailers across the U.S. Anchoring your marketing strategy with direct mail (including trigger marketing campaigns to reach new movers ahead of the competition) while boosting its reach and effectiveness with complementary digital ads leads to increased ROI. Promote awareness of your offerings and target your best potential customers cost effectively.

See how retail marketers have benefited from partnering with Mspark. **READ MORE** retail marketing insights and case studies on our Industry page or **CONTACT US** to plan your strategy!

