Bricks and Clicks
Converging at Retail

DIGIMARC

BRAND STUDIO

A RETAIL DIVE PLAYBOOK
When today’s busy shoppers want to buy something, they expect it to be easy. Amazon’s new Dash buttons for one-touch ordering – inspired, perhaps, by the popularity of Staples’ fictitious “Easy Button” – reflect the fact that if it’s not fast and simple, it won’t sell.

While shopper expectations have clearly changed, many retail stores have hardly evolved since the days before e-commerce and iPhones.

Checkout lines are longer than ever, the self-checkout experience often is insufferable and shoppers have a hard time accessing meaningful product information.

In order to keep pace with e-commerce, retailers and brands have to find a way to capitalize on the digital revolution while still leveraging what draws shoppers to the store in the first place: the control that comes with being able to touch and try on actual products, a shared sense of community among consumers and, in some cases, a fun outing for families or physical exercise for elderly shoppers.

This playbook will examine how shopper behavior has changed and why brands and retailers are gravitating toward a new type of barcode that brings the convenience of mobile connectivity to the physical store, giving retailers, brands and shoppers the best of both worlds.
ith a smartphone in every purse and pocket, e-commerce enjoys second-nature stature and has forever changed consumer shopping behavior. Literally everything we need and want is available with a swipe, delivered directly to our doorsteps.

Not only has this given rise to online giants like Amazon and Alibaba, it has helped to amplify the frustrations many shoppers experience in the store, especially when checking out. Who hasn’t had the moment waiting in a long line at checkout – or stuck in traffic getting to or from the store – when they think, “Why didn’t I just get this online?”

The introduction of self-checkout kiosks has done little to solve the problem. In fact, many shoppers eschew self-service lanes altogether owing to frequent issues requiring employee assistance, which delay the checkout process and attract unwanted attention.

Today, it’s not uncommon to see shoppers simply abandon their carts and leave the store, rather than wait in a long checkout line. That ability to purchase virtually any product online has made such choices seem more practical than rash. Not only do retailers lose the sale, there may also be increased costs for labor and spoilage associated with restocking items.
In addition to increased convenience, smart devices have empowered a new information age in which consumers have the ability to instantly access nearly limitless product information.

“The old saying is that the moment of truth, for retail, is when customers hold the item in their hands. But, in a Google society, it’s now when the consumer goes online and reads more about your product before they even enter the store,” says Mike Shannon, chief innovation officer for sgsco, a global supplier of brand strategy and structural design, design adaptation, premedia, and digital shelf services for retailers and consumer package goods companies. “Because of smart devices, consumers are savvier about their purchases than they were a decade ago; this presents an increasing need for retailers to rethink their strategy.”

The prevalence of smart technology has had an irreversible impact on how consumers access information, as well as how they interact with each other. Shoppers today are much more inclined to seek information from fellow consumers than store employees.

“The quicker a customer can get the information they need in order to make an informed decision while in the store, the better,” said David Hughes, IT senior business partner for Kimberly-Clark, a large consumer packaged goods (CPG) company.

The old saying is that the moment of truth, for retail, is when customers hold the item in their hands. But, in a Google society, it’s now when the consumer goes online and reads more about your product before they even enter the store.”

- Mike Shannon, Chief Innovation Officer for sgsco
“The expertise level of an opinion through the web is coming from a larger pool of people versus someone who is vaguely familiar with the product in the store,” Hughes notes. “Additionally, the shopper may think that the store has a bias toward selling one particular item over another. In contrast, if someone is going to a review link, the thought is there is no bias.”

What’s more, store employees are limited in what information they can provide. Shoppers today want a clear understanding, specifically, of what ingredients are in a consumable item, where it came from, and its effect on the environment in the process from manufacturer to retail shelf. They also want content tailored to their own values, lifestyles and personal preferences, such as recipe ideas, how-to-videos and product reviews. Consumers don’t have to look far to find what they want, and when one retailer doesn’t deliver, shoppers have turn-by-turn directions to a competitor in their hands or free shipping at their fingertips.

“There are no boundaries anymore on what a consumer can buy and where,” notes Candace Corlett, president of WSL, New York City. “There’s been a blurring of lines across all channels. There are so many more places to buy what you need, and today, everyone carries everything.”

- Candace Corlett, President of WSL, New York City
Easily overlooked is the influence packaging has on the in-store shopping experience. It’s through packaging that brands communicate with prospective customers and where shoppers have traditionally turned for product information. It stands to reason that as shopper behavior and expectations evolve so should the way retailers and brands think about packaging and its role in the process.

A fundamental element of any product package is the UPC barcode. Barcodes are so ubiquitous in retail we hardly notice their existence and certainly fail to recognize their tremendous potential to revolutionize the shopping experience.

Digimarc, an innovator in automatic identification technologies, has pioneered a new kind of barcode designed to reflect our digital, mobile-centric world. Digimarc Barcodes allow brands to digitally enhance their entire package, eliminating the need for the traditional striped barcode typically hidden on the bottom or back of a box. Moreover, Digimarc Barcodes are largely imperceptible to shoppers, meaning a package can be digitally enabled, yet retain a brand’s desired look and feel, a key distinction over other customer engagement technologies like QR codes.

Companies have the capability to enhance any product with an imperceptible Digimarc Barcode that helps the packaging do more than before. Shoppers can then use their smartphone and scan any surface of the product to retrieve instant and accurate information.
With shrinking packaging, brands have to be innovative in how to use that space to provide consumers with the information they seek.”

- Sean Calhoon, Vice President of Product Management at Digimarc

regarding nutrition, sourcing, possible product pairings and even in-store savings. The package has always been the most salient touchpoint between the consumer and the brand, and now the ‘connected package’ is the natural next step toward reaching digitally savvy shoppers.

Meanwhile, for many brands, less is more when it comes to packaging, as evidenced by the interest in pouches and other options to help cut costs, minimize environmental impact and maximize shelf space. “With shrinking packaging, brands have to be innovative in how to use that space to provide consumers with the information they seek,” says Sean Calhoon, vice president of product management at Digimarc. “In an environment such as this, digitally-enhanced packaging becomes more valuable.”
Digimarc Barcodes may drive the brand-to-consumer connection, but it’s the brands and retailers that will drive the conversation. Digimarc makes its Digimarc Discover® mobile software development kit (SDK) available to any brand or retailer, allowing their apps to read the special codes. Likewise, brands and retailers have full control over the digital content that gets delivered, content that can be changed at any moment, without updating the barcode itself.

In essence, the package becomes an absolute source of up-to-date information and a portal to a complete digital experience, extending the power of packaging beyond the shelf. For example, consumers can scan products to populate a digital shopping list or instantly reorder online. Remember, if it’s not easy, it won’t sell.

“These types of benefits keep the brand relevant throughout the whole lifecycle,” said Kimberly-Clark’s Hughes. “As the saying goes: Out of sight, out of mind. But, if you can stay relevant and fresh in front of the shopper while at home, it makes future sales a lot more likely compared to the risk of losing that shopper to another brand if you don’t provide these types of benefits to consumers.”
The impact of more powerful, interactive packaging goes well beyond consumer interaction. There are limitless possibilities to how the technology can improve all channels of retail as it stands today— from reducing the instances of outages on the shelf via better inventory control, to increasing efficiency at the front of the store by speeding checkout. When the entire box effectively is a barcode, cashiers don’t have to contort to scan it and that makes for a faster experience.

That same saturation of data across every surface has huge implications in the supply chain for monitoring manufacturing and product components, tracking shipments and similar logistics, and improving rapid response to recalls among other advantages.

While Digimarc Barcodes hold endless possibilities for retailers and brands to increase efficiency, improve the shopper experience and secure brand loyalty, they require an educated shopper who understands how the technology can be fully leveraged. That education has more to do with shifting consumer behavior and expectations than it does simply teaching shoppers how to use a new tool.

“The brand owners are going to own it. Not just one medium, but multiple mediums,” says Michael Grady, associate director of global business development for sgsco, who is working with several clients deploying Digimarc Barcode. “In order to educate the consumer, retailers are going to need all the traditional platforms in concert with one another.” He cites calls to action on packaging and in-store merchandising campaigns as opportunities.
As consumer behavior evolves, and scanning a package becomes a natural element of the shopping experience, brands and retailers will increasingly hone in on what customers truly want.

“Looking ahead, once the technology is second nature and expected in stores, retailers could see substantial benefits in their bottom lines, and in the collection and processing of consumer purchasing data. In 10 years, the shopping experience will be extremely personalized,” said sgsco’s Grady.

Experts agree consumers will soon see faster, easier and more personalized retail experiences, even as the special codes poised to power it all are nearly invisible. Companies with foresight can and should prepare now to capitalize because the benefit to the bottom line will be anything but imperceptible.

“In order to educate the consumer, retailers are going to need all the traditional platforms in concert with one another.”
- Michael Grady, Assistant Director of Global Business for sgsco
Digimarc Corp. is the inventor of the Digimarc Discover® platform featuring the imperceptible Digimarc Barcode for automatically identifying and interacting with virtually any media. The platform enables industrial scanners, smartphones, tablets and other computer interfaces to reliably, efficiently and economically identify traditional barcoded items, along with many other media objects. Digimarc Barcodes are nearly invisible to people and do all that visible barcodes do, but perform better. They can be applied to virtually all forms of media. These remarkable capabilities have allowed Digimarc and its business partners to supply a wide range of patented retail efficiency, consumer engagement, media management and security solutions across multiple industry and government sectors.

Learn more about connected packaging at digimarc.com/packaging