

Retail and Consumer Goods:

Targeting effectively in a disrupted market



The Odgers Berndtson Luncheon Series brings together senior executives to explore and understand important topics in a rapidly-changing Japanese and global market.

After the inaugural luncheon event exploring changing consumer behaviour, the growth of online channels and how to optimize brand position locally, this meeting revisited some of those topics, but with a focus on how to prioritize and effectively reach out to specific, strategically-targeted customer demographics.

This 'demographics' theme set the stage for a discussion encompassing millennial influence, the older generation's superior purchasing power, digital and social network outreach, in-store conversions, and bi-directional traffic drivers.

Senior executives from the retail and consumer branded goods sector attended the lunch and discussion led by Roger Marshall, Partner in Odgers Berndtson's Tokyo office.

Filling the pipeline

Everyone at the luncheon agreed that creating a sustainable pipeline of future customers is a key challenge.

To that end, an executive from a luxury high-performance sports car brand noted they have been increasing their online presence in an attempt to engage with younger consumers.

An executive of a menswear brand agreed and explained that since younger consumers increasingly shop online and stay on the ground floor of department stores when browsing, his brand must be visible in those places. To increase engagement with younger

consumers, the company has also begun to market smaller non-garment fashion accessories at a more accessible price point.

In addition, he mentioned the importance of identifying who is making purchasing decisions. Although it's a menswear brand, 20% of his company's customers are women. Targeting these shoppers through advertisements in women's magazines is increasing brand awareness with this important demographic.

Female consumers were also a primary focus for an executive in attendance who heads the Japan business of a global toy retailer. In his experience, women frequently research and choose baby items and toys while their husbands and parents finance these purchases. Creating a pipeline of life-long customers is the goal, so the brand markets toys to kids while also engaging with parents and grandparents through in-store educational seminars and events.



Discovering purchase touch points

An executive from a digital entertainment content network stressed the importance of engaging with social media influencers to help bring customers onto its subscription-based platform.

For the sportswear executive, social media advertising has also become an important marketing priority. However, his in-house research shows that their Japanese customers are more likely to be inspired by the attire of their friends, peers and trainers at their gym than they are to be swayed by celebrity endorsements.

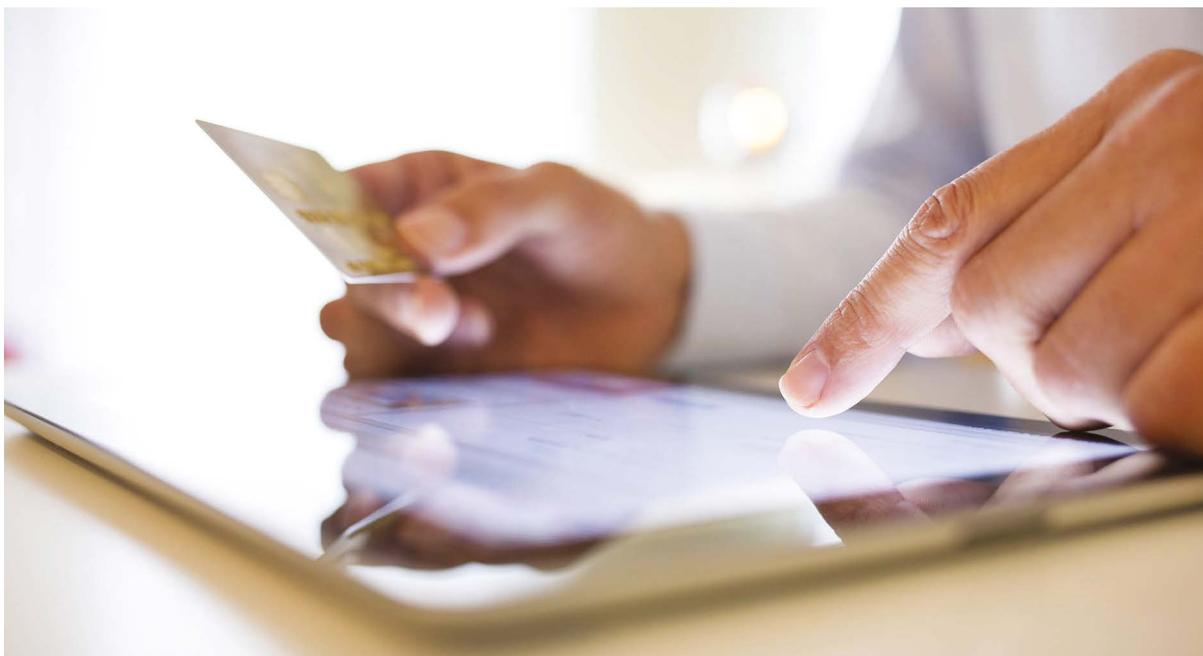
However, we found that the opposite is also true. In some cases, brand awareness is successfully elevated by partnering with celebrities.

Identifying who could be an effective key opinion leader is salient, but the majority of attendees' firms seem to be at the early stages of exploring and determining which touch points bring more brand awareness that convert into purchase decisions.

The increasingly well-informed and discerning consumer has resulted in purchasing decision journeys that have been changing recently as a result of wider product choices, multiple

digital outlets, and to some degree, being information overloaded. All of this leads to outcomes that are often confusing, with conflicting marketing results.

Interestingly, for the case of a luxury menswear brand, endorsements by famous fashion magazine editors, or a celebrity figure wearing the apparel tends to clearly translate into purchases.



Knowing your customers Seeing beyond demographics

The more complex the consumer purchase decision journey becomes, the more it is necessary for brands to adopt new ways to effectively access consumers' minds, to closely measure specific brand performance, and to analyse general consumer attitudes and trends.

One automobile executive noted that marketing events must be tailored to the local market. In Japan, they are finding that events that associate their products with other luxury brands are effective, alongside more traditional marketing communications like magazine advertisements and racing event sponsorships.

A sportswear executive shared that their marketing communication strategy now focuses on targeting customers whose active lifestyles match the brand's aesthetic, instead of grouping and targeting customers demographically.

In order to better know their customers, a toy retailer tracks customers' purchases based on the age of the child for whom the toy is purchased. Once the 'child' hits 20 or 30, they may start having children of their own, resulting in an opportunity to revitalize their relationship with the brand.

Similarly, some brands track customers' online search history in order to get an idea of the products they are most interested in.

Research by one of the attendees has indicated that the brand's customers in Japan are looking for a highly personalised experience when they shop for luxury goods – even though much of the communication is migrating to digital and mobile.



Best of both worlds

Finally, the executives turned to the question of how to effectively take advantage of having both traditional brick-and-mortar stores and online platforms in order to increase overall revenue.

The sportswear brand executive shared that employees in his company's physical stores encourage customers to visit the website while they are still in the store if they can't find what they are looking for. This has increased touch-point conversion rates, enhanced customer engagement and given employees the opportunity

to show customers a wider range of products. The menswear brand executive noted that despite the rise of the online marketplace, physical stores remain an important channel for the brand and are likely to remain relevant in the future as a way to showcase products. This is particularly the case for products that customers would prefer to

try on before purchasing. To respond to this preference and also more effectively manage store inventory, the brand has instituted a 'reserve and try' service. Customers are able to reserve products online and then try them on in the store of their choice on a specified date before buying.

Concluding remarks

Our latest luncheon event provided keen insights about the participants' current retail business pain points and insights into their thinking of how to overcome them.

There was confirmation that the radical shifts in consumer behavior will continue in the coming years. Despite this, retailers can indeed find effective ways to serve different customer target groups.

One executive noted that rather than relying on demographic group

targeting, it will be important to match the core aesthetic values of the brand with the targeted consumers' lifestyles and values. Focusing on the total customer lifecycle has always been important, but brands are now developing increasingly effective tools and strategies to approach this.

The next luncheon in the series will explore these shifts further, as well as how to embrace them as opportunities.

Odgers Berndtson Japan

Odgers Berndtson Japan is part of a network of 61 offices in 50 locations in 29 countries around the world.

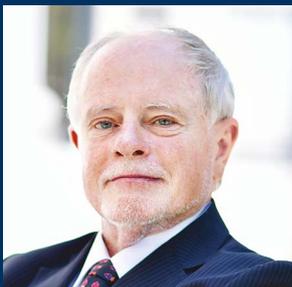
We believe the recipe for success in Japan lies in securing leaders with the right balance of global standards and local expertise.

In a market where there is still resistance to changing employers and where only a small percentage of executives are truly international, identifying,

assessing and enticing executives is often difficult. Since 1991, we have been partnering with our clients addressing these business and cultural challenges. We have delivered exemplary results for Fortune 100 companies, niche players, start-ups and non-profits.

To find out more about Odgers Berndtson Japan and our Luncheon Series, please contact us at roger.marshall@odgersberndtson.com

About the Author



ROGER MARSHALL - Chairman, Tokyo

Roger Marshall is Chairman of Odgers Berndtson Japan.

He specializes in recruiting senior local executives to manage Western corporate entities in Japan and North Asia. Roger also recruits expatriate executives for regional management positions in Asia across a broad range of industry sectors.

With experience of the Japanese business environment dating back to 1975, he has developed unique skills to help Western multinationals develop their leadership teams in North

Asia, build their business potential and formulate human resource strategies. During his business career, he founded and was President of PENN International Associates, a Tokyo-based management consulting firm.

Previously he built and led a human resources consulting practice for KPMG Consulting in Japan and Korea.

Roger is fluent in Japanese, with a BA degree in Asian Studies from Sophia University.



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