Chapter 4

E-MPULSE BUYING

What's the Trend?

Despite fears that the ecommerce might kill impulse buying, the growing integration of mobile devices into the shopping experience is opening new possibilities for real time marketing to entice consumers to make split second emotional buying decisions once again.

Near the end of 2014 a story published in the *Wall Street Journal* predicted a doomsday scenario the article called "The End of the Impulse Shopper." and featured stories like that of interior designer Elizabeth Hoffman.

Her list-driven shopping style, the article argued, was becoming increasingly common among savvy price conscious consumers. Hoffman had trained herself to be immune to marketing displays and in-store suggestions. Her goal with any retail experience was to enter the store with a list and mission in mind. She practices the discipline of sticking to her list and doesn't engage in impulse buying.

Elizabeth Hoffman's shopping system is an example of "intentional shopping," but her story may be easy to dismiss as the predictable penny-pinching of consumers in austere times. It may be fairer, though, to assign more blame on another factor: that device in our pocket, always on and ready to entertain or distract us from any idle moment.

Do you remember standing in line at a grocery store or pharmacy, picking up a candy bar or pack of gum and adding to your basket or cart as an impulse buy? Those days may be over, thanks to the mobile phone. Today as most of us stand in line waiting to pay for items, we are checking our email or playing micro-addictive mobile games. What we *aren't* doing is looking at the displays for candy and gum.

Our phone provides "mobile blinders" shielding us from the things we once grabbed on a whim. When you add the rise of automated self-checkout kiosks and the new ability to pre-order products online and simply pick them up in store (or on the curbside outside the store) – you have the perfect storm that *should* kill impulse shopping.

Yet for all the pessimistic predictions about the end of impulse shopping, mobile devices have also opened up big new possibilities to create impulse shopping moments in ways that were never before possible. The new battleground for retail is "omnichannel" as brands try to reach consumers in multiple places. In 2016, this will lead to a new focus on *E-mpulse Buying* where the device which some blame for the demise of impulse shopping might single handedly resurrect it in a new format.

The mobile device itself is becoming central in how brands in all categories are now finding new ways to use real time engagement in the moment of purchase to entice more one click shopping, and perhaps bring lucrative impulse shopping back to retail.

Saving the Candy Bar

Perhaps no industry has more products on the front line of this assault on impulse buying than chocolate and confectionary brands. In a recent interview with the *Washington Post,* Hershey's senior director of retail evolution Frank Jiminez summed up the challenge this way: "Shopping is changing and impulse is under threat. What happens if and when the checkout goes away?"

It is an important question for The Hershey Company to ask, since it clearly has a lot at stake. The brand makes some of the most beloved chocolate products in the world including Kit Kat, York, and Reese's … not to mention its own signature Kisses and namesake bars essential for any connoisseur of smores (an American treat featuring campfire heated marshmallows and melted chocolate sandwiched between two graham crackers).

In 2015, Hershey's piloted programs to test new types of vending machines in unexpected locations like next to gas pumps, candy dispensers as part of automated self-checkout kiosks, and even sponsored new research into the "Eight Human Truths Of Impulse."*

The brand is also experimenting with Amazon's new Dash Button program to allow consumers to instantly order packs of its Ice Breakers gum via a button placed in the home and connected to the Internet for instant one touch orders through Amazon.

Reimagining the impulse shopping experience is a priority for other brands in the industry as well. According to *Confectionary News*, both Mars and Wrigley will also launch significant pilot programs in 2016 designed to test new ways to capture consumer interest at the point of purchase and rethink how candy and chocolate is sold in retail environments as well.

Another example is Mondolez International (maker of household brands like Oreos and Ritz crackers), which is piloting integrations with Facebook to create new online "hot zones" to drive impulse buying the same way racks of items in the front of the store once did in real life.

The future will bring more seamless connections between mobile, social media and instant shopping – and it is already here in some countries.

Wallet-Free Shopping

The app that will change how we buy anything is already here – if you happen to live in China.

WeChat is a popular Chinese mobile app that is often mistakenly

* In case you're curious, they were delight, indulge, recharge, rescue, spoil, charm, aspire, and score (as in, get a good deal).

described by those outside the country as yet another messaging tool for hyper connected Millennials. While it may have started with messaging, in the span of less than five years the app has blossomed into a visionary mobile platform that is changing the way mainstream Chinese consumers live their daily lives.

In addition to messaging, the app lets consumers call a taxi, share the dinner tab with friends, check in for a flight, pIay bills, find music and access fitness tracker data. How can one app do all this? The platform allows businesses to create "official" accounts for the app and by the end of 2015, there will be more than 10 million of these types of accounts on the platform, which each use location and identity data users opt to share in order to provide services and tailored offers.

In Japan, the hottest mobile app of the year was Line – an app that provides free messaging and video and phone calls, and monetizes it through allowing users to buy and share "stickers" (tiny illustrations designed for texting and more detailed than animated emojis). In March of 2015, Line users sent an estimated 2 billion stickers each day from a library of more than 40,000 and these stickers generated an estimated $30 million in revenue from just their first seven months alone.

Line and WeChat are examples of dominant mobile platforms, but even more significantly, they offer an optimistic future vision of integrated always available payment options for consumers. Similar to how Amazon provides one-click ordering based on using stored customer data – WeChat and Line can offer the same to millions of brands and retailers that are using its platform.

Other mobile platforms are seeing this success and working hard to recreate it for themselves. Facebook, Twitter, Pinterest and Snapchat have all announced some version of "mobile wallets" in the past year, designed to enable one click buying and store a user's credit card.

Platforms like Apple Pay, Samsung Pay and Android Pay are all trying to entice consumers to do the same thing on the operating system or device level. Startups like Senanga are creating new tools for integrating check out enabled mobile and online advertising campaigns.

All this "mobile wallet" innovation is bringing the promise of one-click shopping closer and driving the potential of E-mpulse Buying as well. In a world where people can purchase something they see in real life or online without ever pulling out their wallet or signing anything – the only challenge is where to put the price tag.

Even that challenge has some interesting solutions already.

Scan To Buy ... Everywhere

Last year small Philippines-based airline Cebu Pacific created a unique sidewalk advertising campaign that only appeared when it started raining. Working with ad agency Ogilvy Asia, the campaign used water repellent spray stenciled onto the sidewalks in Hong Kong with the message "It's Sunny In The Philippines" along with a QR code that could be scanned for more information. The campaign resulted in a 37% increase in bookings as a result of the campaign.

Though decidedly low tech and mostly offline, the campaign is just one among plentiful examples of how the path from seeing or experiencing something and converting to purchase may be getting shorter and shorter.

UK based Powa Technologies makes "Powatags" to add scan-to-buy codes to any form of advertising and currently work with over 1000 brands. Visual search company Slyce has a solution to allow consumers to take a photo of a product and learn instantly who sells it and for how much. Home Depot's Project Color app lets consumers select any color and then virtually "see" how that color might look on their own walls at home – and instantly purchase the paint.

One startup called Delivery Agent is even working to add this capability for e-mpulse buying to how we watch television, aiming to offer "t-commerce" by allowing viewers to purchase products directly via their remote control. This past year Comcast also announced it would test instant buying via remote control as part of its new X1 next generation video streaming platform.

From out of home advertising to integrated advertising on mobile devices and television, the common theme among all these efforts is the potential for *anyone* to buy *anything* they see anywhere at the touch of a button or the scan of a code.

Why It Matters

Thanks to the rise of ecommerce and our addiction to our mobile devices, many have predicted that online shopping and automated checkouts would kill the highly profitable consumer behavior of impulse buying. In 2016, these fears will transform into hope and more innovative retailers and startups will focus on new ways to encourage *E-mpulse Buying* from consumers. As the mobile wallet becomes a reality, and brands get smarter about using location data to target more relevant offers, savvy shoppers will begin to take advantage of the time savings and ease of use to purchase more products in the moment they decide they want them. Whether consumers are walking down the street with the mobile device or sitting on the couch at home with the remote in their hand, this innovation will trigger resurgence of impulse buying – but only from those retailers smart enough to capitalize on the opportunity.

Who Should Use This Trend?

Though the trend in this chapter is most often discussed in the context of retailers – the lessons of this behavior apply to many industries far outside traditional retail. Business to business customers, for example, may be more informed by real time information as a part of their buying cycle even if it takes them far longer to purchase. Clearly anyone selling products on the more impulsive side of the purchasing scale, in terms of immediate use or low cost, could benefit greatly from leveraging this trend as well.

How To Use This Trend

✓ **Monetize your visuals** – Are people sharing visuals of the products you sell? Do you include visuals of services or products on your website? As visual search tools evolve, there will be new ad-tech players that offer the ability to monetize images through things like QR codes or hovering buy buttons. These are ripe opportunities to test how you might start to monetize content that was typically only used in a supporting way but may now become the highest converting content for sales as well.

✓ **Study global consumer behavior** - For anyone based in the US, there is a temptation to consider consumers close to home to be the most technically savvy and forward thinking. When it comes to mobile purchases and E-pulse Buying, this is far from the truth. Instead, consumers in Asian countries like China and Japan, or European consumers in Scandinavia (for example) are far ahead in their mobile buying habits. Studying their behavior today offers a valuable glimpse into what global consumers will be doing in the near future.