

Re-Imagining confectionery: Digital strategies for impulse buying



Abstract

The pandemic is significantly altering consumer behaviors and attitudes. The mass influx of consumers from brick-and-mortar stores to e-commerce is confounding confectionery manufacturers who have traditionally relied on in-store impulse purchases to drive sales. The online channel cuts out the shopping basket, the discount aisle and most importantly the checkout line, making it challenging to entice people to buy on a whim. Online grocery shopping is expected to double in market share by 2025 to be more than \$250 billion in the US.¹ Despite the shift and substantial growth in e-commerce, the challenge for online retailers is to effectively engage buyers while they are shopping.

With rapidly changing consumer behavior patterns, it is imperative that confectionery manufacturers adapt their marketing strategies for the digital platform. This paper delves into the intricacies of consumer behavior as we move toward a post-pandemic world and outlines strategies for boosting confectionery sales in the digital marketplace.

Winning with consumer experience

The pandemic hit the world at large in early 2020 and has had a massive impact on the global economy and industries- the confectionery industry is no exception. This has compelled confectionery manufacturers to assimilate and integrate innovative business strategies. They are sustaining their businesses through virtual trade shows, digital retail options and expanded offerings in varied sizes. In fact, the pandemic has altered the anticipated course and the global market, shrinking its projected value to \$188 billion in 2020 as versus the pre-COVID-19 projection of \$202.63 billion in 2020.²

Online shopping is emerging as the new playground for premiumization. As brands increasingly tap into consumer data like purchase history, browsing history and items added to carts across devices, AI can be the key enabler in providing market analysis, consumer insights and trends with centralized data enabling retailers to identify opportunities and increase ease of transaction. For instance, design and packaging of chocolate can be aided through avant-garde methods, including 3D printing and AI-led product designing. Finally, with more consumers embracing social media platforms, brands can provide subjective appeal by means of relevant content. In addition, more than 80% consumers plan to eat healthier and 69% are willing to pay more for high-protein chocolate bars.³ Health-conscious consumers expect candy companies to include more nutritious ingredients such as seeds, nuts, and fruits. Not only that, with the new pandemic measures still in place, the industry has embraced the social distancing mandate and is helping consumers

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1. Online grocery to more than double market share by 2025, <https://www.supermarketnews.com/online-retail/online-grocery-more-double-market-share-2025>, Accessed December 2020
 2. Fortune Business Insights, Impact of COVID-19 on Confectionery Market Size, Share, Industry Analysis and Regional Forecast 2019-2026, <https://www.fortunebusinessinsights.com/impact-of-covid-19-on-confectionery-market-102690>, Accessed December 2020
 3. Candy Industry, COVID-19 snacking encourages chocolate consumption, Nov 10, 2020; <https://www.candyindustry.com/articles/89392-covid-19-snacking-encourages-chocolate-consumption>; Accessed Feb, 2021

celebrate safely by adopting to a phygital reality. Examples include Mars Wrigley's virtual Halloween celebrations TREAT TOWN™ which allowed consumers to decorate their virtual door with personalized avatars and interact virtually with friends and family.⁴

Embracing digital commerce

With customers increasingly flocking to online confectionery, manufacturers must translate some of their traditional brick-and-mortar strategies to e-commerce. Here are four ways to do it:

- **Search engine optimization (SEO) is the new product shelf:** Ranking at the top of the search results is the equivalent of placing a product at the eye level on the shelf. The URL in search engines can be a direct link to the product on brand's e-commerce website, enabling ease of click on the virtual shelf.
- **Purchase history takes the place of in-store recommendations:** Conversational e-commerce replaces the friendly store assistant, establishing connections with frequent shoppers and convincing them to try out new products. Organizations can invest in automation technology and software to address customer queries, recommend products and walk them through the purchase journey online based on their purchase history.
- **Online checkout displaces the conventional checkout aisle:** This feature can promote low value impulse purchases at the last minute. Strategies can include raising the cart value just enough to waive the shipping charges and offering item for consideration at the time of checkout tailored to the customer's purchase history.
- **Online content is analogous to packaging:** Built-in multimedia, dancing mascots, gamification and hashtags are the online equivalent of bright flashy packaging in the traditional retail stores. Creating a digital ecosystem will enable businesses to offer content that is designed to induce customers to buy, even when they are not in the purchase mode, through advertisements on social media channels like Google and Instagram to drive better results.

The three-R model for value creation

As consumers embrace digital platforms, a big-picture approach is essential to integrate brick-and-mortar and online shopping experiences. There are some universal guidelines that can

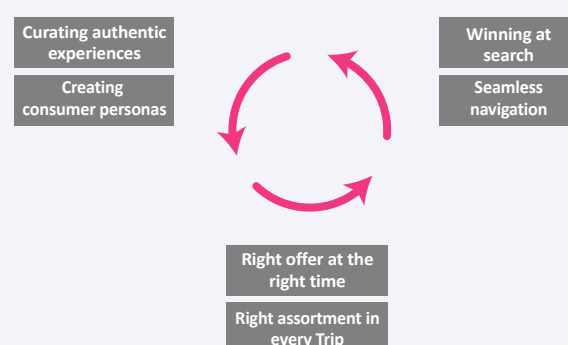


Figure 1: Levers to build a fluidic offer engine

4. Mars wrigley reimagines halloween, <https://www.mars.com/news-and-stories/articles/mars-wrigley-reimagines-halloween>, Accessed Mar, 2021

unlock untapped potential. These include leveraging industry-specific digital best practices and emerging technologies for a digital engagement strategy. We suggest the three-R approach of reachability, realization of value and relationships (see Figure 1).

Reachability: With a range of options available online, shoppers are now increasingly selective and impulsive. The accessibility and consistency that online retailers provide are invariably the precise trigger points for shoppers to engage in products and eventually purchase. Well-designed online e-stores with convenient navigation tools helps consumers browse through the digital shelf comfortably. Consumer data collected from online purchases and through browsing history can be used to create a cohesive experience. Collaborative measures between product managers and digital managers can enhance the user experience and can aid in engaging with the consumer on the basis of a deep understanding of their needs.

Realization of Value: It is critical to understand consumer behavior through analytics gathered via individual consumer profiles. Leveraging media for retargeting your consumer helps to contextualize offerings and promote conversions. Creating engaging experiences with ongoing or seasonal offers and gamification helps to increase sales. For instance, M&M launched an online social game, a sweet way to promote M&M Pretzels.⁵ Similarly, ratings and reviews are the most effective user-generated content (UGC) for driving conversion. Conversion rates are nearly 30% higher when sites contain UGC.⁶

Relationships: A cohesion between in-store and online retail experience can generate better relationships with the shoppers. Designing interactive retail experiences from interest to completion of purchase and targeting online customers through relevant data can drive new value. A research conducted by Epsilon indicated that 80% of consumers are more likely to purchase a product when it is personalized.⁷

Digital transformation to drive consumer experience

Our current reality is marked by unpredictable consumer behavior and a rapid shift to digital platforms. As consumers increasingly consume content and shop online, it is crucial to maintain a continuous dialogue on the basis of their changing preferences and needs.

Confectionery manufacturers need to address emerging trends, adapt to the brand's vision and strategy to cater evolving customer demands and drive the next order of customer experiences through hyper-personalization. They need to develop capabilities to offer multiple digital touchpoints to engage potential customers at every stage of the journey – from discovery to decision. Strong analytical capabilities leveraging the latest in AI-enabled big data/ machine learning trends will help in identifying opportunities and for acting upon them quickly. Manufacturing firms will also need to rejig their marketing mix to customize all elements including prices, and services to meet changing consumer demands. Aligned to this is a rethink on stock keeping units (SKUs), packaging and assortments.

Confectioners who design a cohesive in-store and online experience supported by brand-specific digital innovation will build better relationships with their customers and thrive in the new reality.

5. Gamification case study: M&M's eye spy pretzel, http://www.digitaltrainingacademy.com/casestudies/2015/06/gamification_case_study_mms_eye_spy_pretzel.php; Accessed Mar , 2021.

6. Does UGC Really Impact Conversion Rate?, <https://www.yotpo.com/blog/increase-conversion-rate-ecommerce/>; Accessed Mar , 2021.

7. Epsilon: New Epsilon research indicates 80% of consumers are more likely to make a purchase when brands offer personalized experiences, <https://us.epsilon.com/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences>; Accessed Mar , 2021.

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