Why the Wall Is Crumbling Between Sales, Marketing

Author : Jack Neff

Date : April 11, 2016

The Rise of E-Commerce and Retailers Morphing Into Media Players Spurs Changes

As VP of e-commerce, **digital** and data for **Unilever** North America, Doug **Straton** has done deals with grocery service **Instacart** where **Unilever** pays the $5.99 to $7.99 delivery tab or provides discounts when people buy its products. Recently, he's used an **Instacart** "hero images" program that optimizes **Unilever** content for mobile **advertising**.

Mr. **Straton** is happy with immediate results, but the longer-term effect may be much broader. He's doing work that would have been divided among two or three **marketing** functions in the old, offline marketplace: the sales department handling store promotions, a consumer promotion manager for coupons and a **brand** manager signing off on ad content.

As with similar jobs at other packaged-goods players, consumer **marketing** is fully baked into Mr. Straton's e-commerce role. But he doesn't believe those divisions will last much longer in the brick-and-mortar, analog world either.

"Ultimately in the future, I think everyone becomes like this," he said, "because it's not just e-commerce. It's commerce. The shopper doesn't look at it as two different things. They just look at it as, 'I want to buy from Target, or I want to buy from **Walmart**.'"

WPP CEO **Martin Sorrel**l made largely the same point at the Path to Purchase Institute's Shopper **Marketing** Summit in New York last month, casting it as a question of success or failure. "To survive, you have to be like Berlin," he said, speaking remotely by video. "The walls need to come down."

Which wall, exactly? "The formerly sacrosanct wall between sales and **marketing**," Mr. Sorrell said.

Vendor displays at the same show made tangible how far along that process already is. Only a few years ago, more vendors were focused on in-store **marketing** displays or services. Last month, two-thirds were focused on either e-commerce or **digital advertising** services or analytics.

E-commerce is only part of what's weakening the walls. The related transformation of retailers from distributors into media companies and agencies is driving the change too.

Douwe Bergsma, chief **marketing** officer of Koch Industries' Georgia-Pacific, notes that his retail customer Amazon has won an Emmy, for its original series "Transparent." That same customer, along with **Walmart**, Target, Ahold and others, offers programmatic **digital** media buying to suppliers like G-P.

Mr. Bergsma no longer thinks of them so much as retailers. "They're **brand**ed ecosystems," he said. "Retailers are becoming more omnichannel, and they're publishers. At the same time, they remain important as distributors."

So for its shopper-**marketing** teams, Georgia-Pacific is hiring people with consumer **marketing** or media backgrounds, including a formerZenithOptimedia employee, a former Delta employee with e-mail **marketing** experience and a **digital brand** manager from its own Quilted Northern **brand**.

But it's still important to have a shopper-**marketing** team to get the "synergy," because G-P retains a dual retailer-publisher relationship with the likes of **Walmart** or Amazon, Mr. **Bergsma** said. "Instead of just having your media folks place media at those retailers who happen to be publishers, you hand it to the shopper marketers and say, 'Hey, you play in both worlds. You have to drive synergies with the sales side of the building, so we both know what we're doing and we get the most value for both parties.'"

Breaking down the walls between sales and **marketing** makes sense for reasons beyond e-commerce. **Unilever**'s Mr. **Straton** said it's important not to overlook the channel's potential, despite lingering doubts it will become a major factor in the U.S. grocery marketplace.

In parts of the world such as the U.K., e-commerce-fueled grocery delivery is already up to 10% of the market, with click-and-collect (buying online and picking up purchases in-store) moving up to that level as well, he said. The U.S. doesn't have the same population density or retailer involvement, two things needed to drive similar penetration here. But Mr. **Straton** believes that's changing, given growing urbanization, higher acceptance of e-commerce among millennials and the chance of a tipping point for retailer participation.

"People have shied away from going all in," he said. "I think in the next 18 to 24 months there's going to be a fairly dramatic shift, and people are going to have to jump in. That's where **Instacart** fits in, providing a service for millennials, who are willing to factor in the convenience of delivery over even price."

Hiring its own contract shoppers to pick up orders from stores in 18 U.S. markets, **Instacart** doesn't require retailers to make any new investments in their own systems. And from a marketer standpoint, it's not a bad deal either, **Unilever**'s Mr. **Straton** said, given that its promotions guarantee performance, be it requiring product purchases to qualify for free delivery or marketers not having to pay for coupon distribution that doesn't spur redemption.

"Not only do you get robust data back, but you get actual shipments," he said. "In the coupon space, even with **digital** coupons, you can run into fraud issues. But in the case of **Instacart**, it's a closed loop. So the redemption you get is better."