

The shift from
traditional to digital media
has already occurred



Once an emerging space for brands and retailers to connect with tech savvy consumers, digital has become central to consumers' lives. Nearly every aspect of the human experience has migrated online as consumers live more digitally focused lives. Not only are consumers spending more time online, they are also spending a larger share of their wallet online. Over the course of 2020, consumers shifted five percent of their spending from brick and mortar to e-commerce.

Picking up on these consumer trends, marketers shifted to digital to be present where consumers are spending their time and money. By 2019, an inflection point was reached as Digital marketing became the dominant form of marketing spending in the US. Unsurprisingly, progressive companies and industries were well ahead of this trend.

One marketing executive shared,

“Direct mail was completely removed from our budget—it wasn’t even a tool in the toolkit as of 2017. We didn’t get push back because we were chasing a better ROI.”

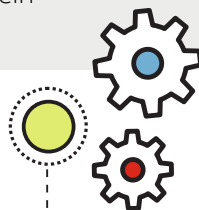
While some were ahead of this digital acceleration curve, marketing allocation is an ongoing puzzle for companies to put together. There is a continual need to reassess between digital and traditional media to create the most effective media mix to achieve business goals.

**GOOGLE
CONTRIBUTORS:**

Scott Falzone
Christina Brandeberry
Sarah Travis

**DELOITTE
CONTRIBUTORS:**

Jeff Simpson
Rob Bamford
Lucas Bohidar
Ford Baertlein



About the research

To better understand the impact of marketing across traditional and digital channels, we conducted a consumer research study, spoke with marketing executives, and analyzed consumer behavioral data. The focus of the research was across four categories: grocery/pharmacy/beauty, catalogs, telecom, and big box/specialty to understand how companies make and measure decisions around their marketing mix and how consumers subsequently respond to that marketing.



If you still haven't made the shift, here's what you're missing

Digital has emerged as the dominant form of marketing spend because digital is highly effective at moving individuals along the customer journey. In fact, digital marketing is 24 percent more likely to drive engagement (visit to social media, website, in-store) across channels.

“Digital is much more effective at reminding individuals of the action you want them to take, where direct mail will eventually have diminishing value,”

claims a marketing mix subject matter expert.



Highly efficacious digital media establishes direct connection with consumers

Across the spectrum of digital marketing, those that build a direct connection with the consumer are more effective at driving engagement and a subsequent purchase. Video is the most effective form of marketing communication at driving consumers to purchase, being 23 percent more likely to lead to a purchase than mass digital marketing. Emerging video solutions, such as shoppable video, are tying a key ad format with easy e-commerce functionality to adapt to consumer trends. Moving beyond interaction with your advertisement toward driving traffic in-store or online, social and video ads were found to be the most effective communication methods of getting consumers to visit you both in-store or online.

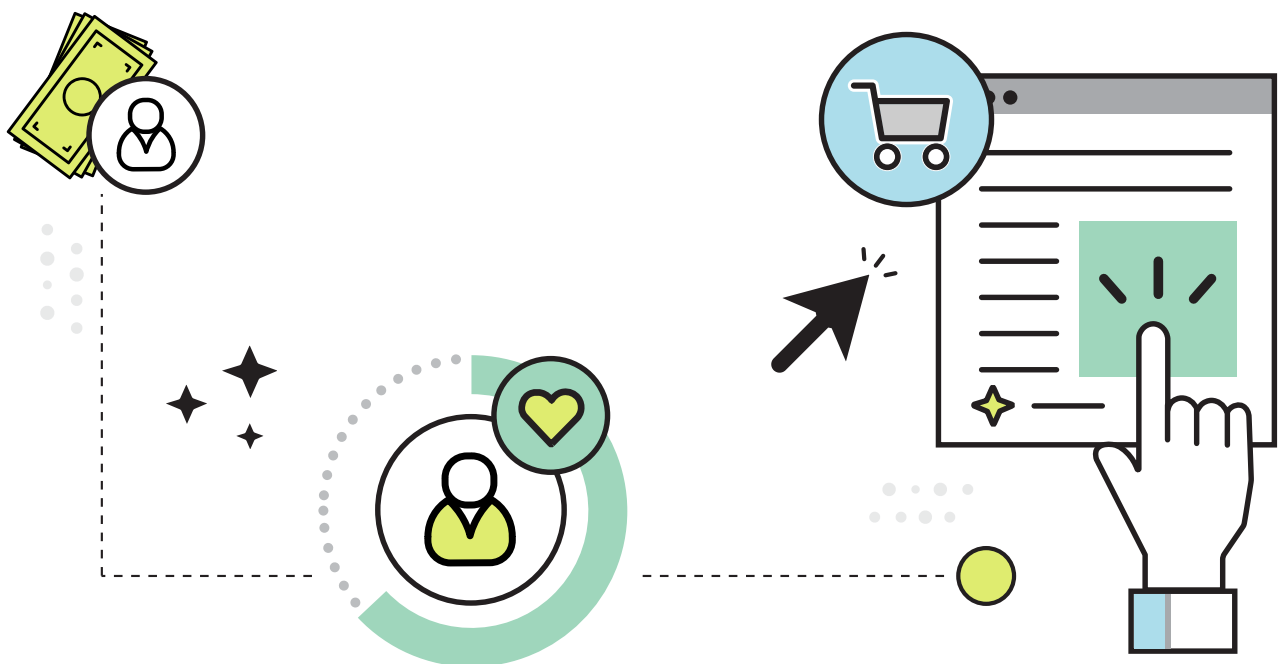
In an increasingly crowded and noisy space, leaning into channels that move from awareness toward consideration of your brand is key. However, once past the initial hurdle of conversion, maintaining loyalty requires different tactics. Email is 2.4 times more likely to drive additional spend with a brand that customers already shop than other forms of digital marketing. As marketers are constantly trying to reach the right customer with the right message through the right channel, personalizing the journey to what matters most is key to driving lifetime value.

While traditional still has a place, ***the future leans digital***

Traditional mail marketing's value has bright spots within specific customer segments. Among these customer segments, older consumers (57+) are 48 percent more likely to prefer traditional mail to digital marketing. Not only do older consumers prefer traditional mail, but older consumers are a valuable segment—comprising the majority of the top spending customers across many industries that still heavily leverage traditional mail. “The audience that responds to direct mail channels is getting smaller but it’s still there,” shared a marketing mix subject matter expert.

While older consumers may prefer traditional, that is not the case for all key consumer segments—so balancing traditional and digital media formats is critical for all companies. Both younger and wealthier consumers have a clear preference for digital—higher-income (\$100K+) and of younger customers (age 25-40) are 38 percent and 64 percent more likely to prefer digital over physical communications, respectively. Not only do they prefer digital, but it also drives purchasing for these segments more effectively.

Digital’s influence results in approximately 50% greater likelihood to purchase online and 10% greater likelihood to purchase in store for both younger and wealthier customers, compared to traditional marketing.



Traditional is better with digital as a way of *amplifying your marketing*



While the future may lean digital, marketers are forced to make allocation decisions. As they do so, there's a default tendency to view the choice between traditional and digital media as binary. Yet, there's a compelling case for digital as a compliment to traditional to enhance the overall effectiveness of marketing spend. We found that traditional direct mail's impact is amplified when it is combined with digital.

Customers that received touchpoints across channels were 5x more likely to shop that brand than customers who received traditional only touchpoints.

Further, this trend was even higher in the Teleco industry with a 11x likelihood. Particularly considering that Teleco consumers were 3x more likely to dispose of Teleco direct mail without opening it than the other industry we studied, companies should be seeking more cost-effective opportunities to market across channels.

In addition to driving more purchases, traditional mail can be effective at driving digital engagement, with traditional mail driving 53 percent of online store visits that resulted from marketing communications. This presents a clear opportunity for brands to think about broader cross-channel coordination and omnichannel customer engagement strategies. Tactics such as a digital call to actions through a traditional medium can streamline incremental digital engagement with your brand.

"There are still heavy silos across marketing channels and how it works together. It should never be about the direct mail campaign or the digital campaign, but rather how those work in tandem,"

shared a marketing analytics subject matter expert.

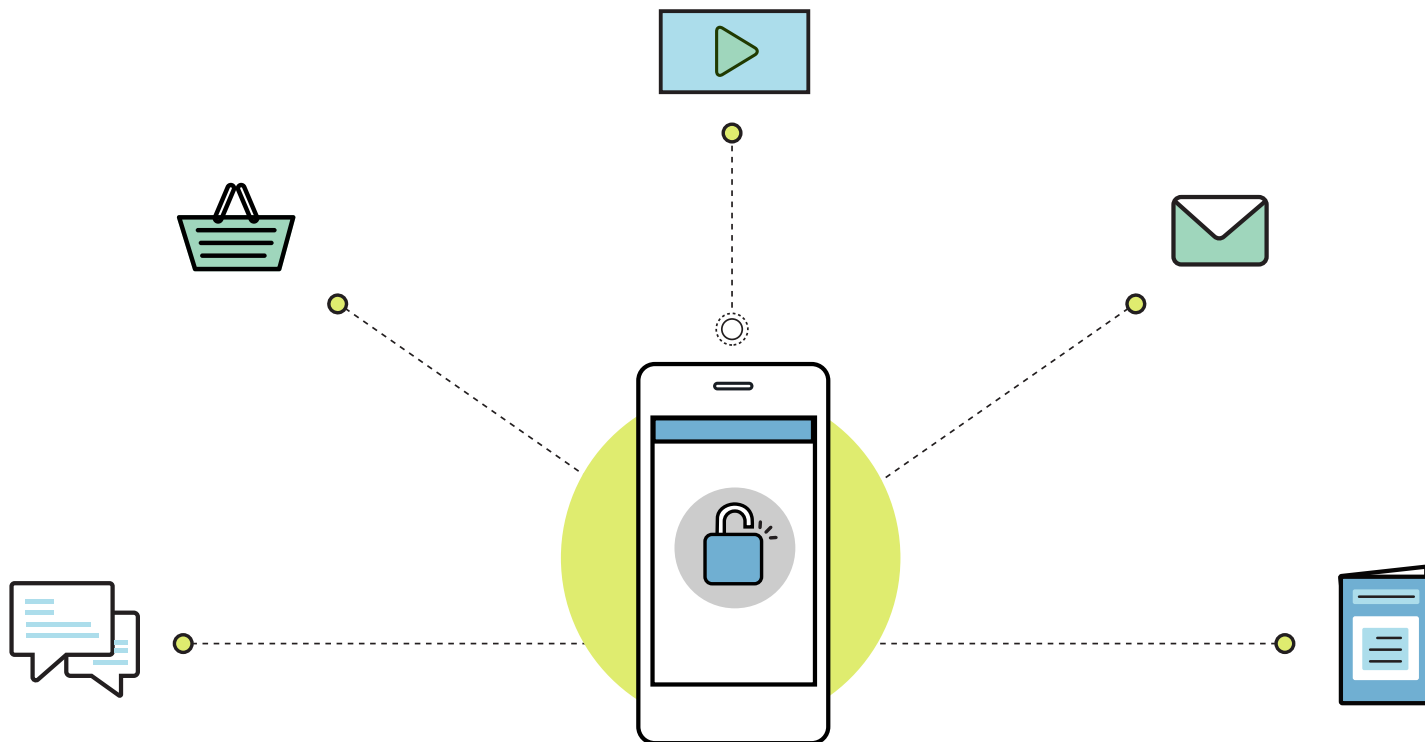
Even the older consumer cohort that prefers traditional mail should be increasingly viewed in an omnichannel fashion. The realities of COVID-19 have pushed this cohort online, with Boomer e-commerce spending growing 21 percent over the past year. "You can't fully shift them away from direct mail; however, we are seeing a more digitally focused, older consumer as a result of COVID," shared a marketing subject matter expert. This willingness to engage and shop digitally has prompted brands to consider a broader, omnichannel engagement strategy for older customers.

Another underpenetrated digital opportunity exists in the consumers' deal-driven purchasing decisions. While consumers continue to express a preference to save and use physical promotions, 80 percent of consumers in grocery, catalog, pharmacy, beauty, big box retail, specialty retail, wireless and wireline categories expressed willingness to use promotions through digital platforms.

Interestingly, 90% of grocery shoppers indicated they are most likely to use digital promotions.

While the traditional grocery circular continues to be effective, consumer behavior is signaling a greater propensity for digital with mobile app downloads and daily active users in the grocery industry up 24% and 14%, respectively, over 2020.

Pairing the effectiveness of the traditional grocery circular with a mobile app to create a digitized circular that delivers a similar experience is yet another way to amplify omnichannel marketing effectiveness, as consumers are buying differently than ever before.



It's not the channel, it's the customer

Eliminating the binary approach to allocation and thinking about the synergetic effects can be an unlock for companies to maximize marketing effectiveness. There's an untapped opportunity for digital to amplify the existing traditional marketing. Truly taking an omnichannel approach to marketing, across both traditional and digital, to understand how to best communicate with customers throughout their journey is increasingly vital.

"A smart marketer lets the customer dictate what channels should be used."

another marketing executive shared

Understanding your customers' preferences will guide you to the right way to reach them with the right message, wherever they are in the journey.

Google solutions engage consumers where they are in the journey

Combining these opportunities with Google's offerings can help shift your focus to a customer first mindset to improve your marketing effectiveness across both channels. Google's innovative offerings enable timely, personalized, direct communication with your customers and prospects. Have you considered how digital retail media, shoppable YouTube, or digitized circulars could transform your marketing? We encourage you to reach out to us to learn more.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication. Copyright © 2021 Deloitte Development LLC. All rights reserved.