

MULTI-CHANNEL STRATEGY

**RESEARCH ONLINE – PURCHASE OFFLINE:
AN OPPORTUNITY TO INCREASE MARKETING
EFFICIENCY**

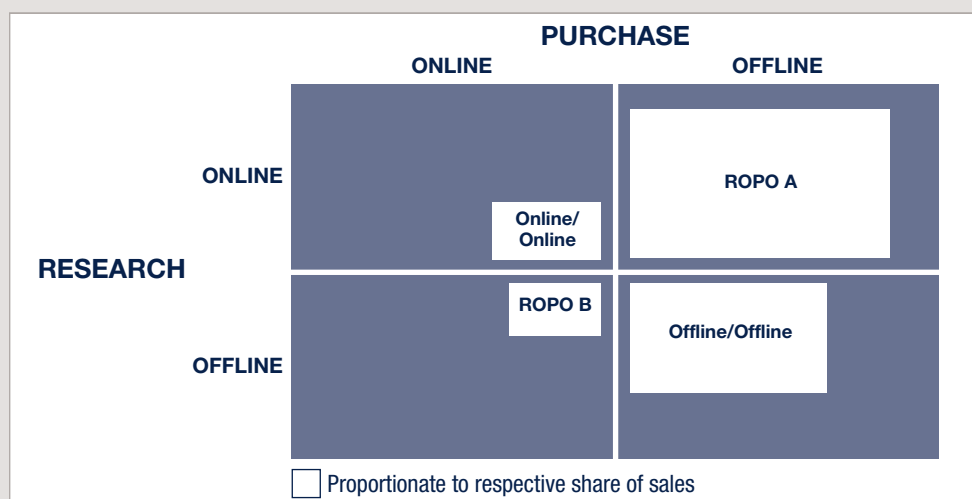
Research Online – Purchase Offline: understanding "ROPO" behaviour provides a strategic marketing opportunity, which is currently under-exploited by many companies.

These days companies in most industries distribute products and services via different channels – a multi-channel strategy. Alongside physical, stationary (offline-) distribution partners such as retailers, department stores, travel agencies, etc., there are also online stores, e-commerce-portals and comparison sites etc. **Consumers increasingly switch between the two channels during the buying process.** ROPO behaviour can be categorised in two directions: Firstly, and of increasing significance, where the purchase process begins online with research and with the actual acquisition taking place through a stationary distribution channel (ROPO A). But the whole process can also be observed in the reverse direction, namely the orientation and consultation in a store and the subsequent purchase on the Internet (ROPO B).

The phenomenon of Research Online - Purchase Offline behaviour is an increasingly serious discussion point for management of various sectors. A key reason for this is that the **significance of ROPO-purchase processes is assessed as high and still growing.** Reliable figures for individual companies or product groups are quite rare in the UK and Central Europe. However, recent consumer studies point out that at times over 50% of the target group scan, research and compare information online before they finally purchase something at a local store.

An initial **systematisation of the buying decision process** can be achieved by differentiating between online and offline distribution channels in both the search process as well as the buying process.

ROPO is the rule,
not the exception



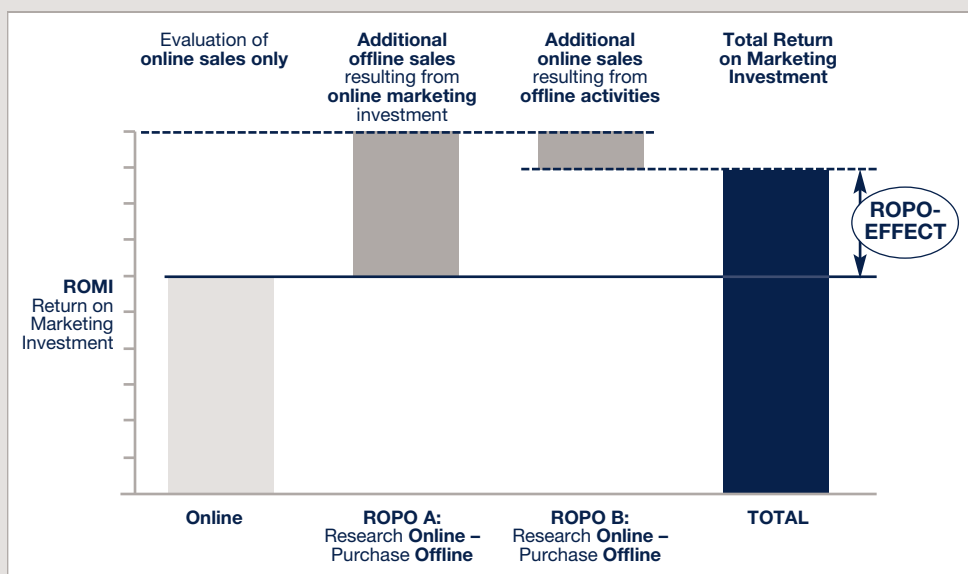
ROPO MATRIX

Another reason for the significance of the issue is that the high importance of ROPO is not yet realised by many companies. There usually is a **clear line of demarcation between online and offline channels:** with separate organizational units, different terminology, other marketing tools, often different cultures and separate budgets. Against this background it is obvious that apparent online / offline marketing synergies cannot be efficiently realised.

Online / offline silos
in companies

The dilemma becomes apparent when looking at the evaluation of the return on online marketing investments (e.g. concerning search engine advertising, banners, affiliate marketing etc.). If, for example, the ROMI (Return on Marketing Investment) is used as a yardstick for the success of online marketing activities, then expenditures are usually only compared to online sales as a performance figure. However, if the additional stationary revenue achieved through online activities is added as well, often a totally different picture is revealed when assessing the appropriate budgets and investments. The challenge is the considerably more difficult verification of ROPO effects compared to the consistently measurable online activity (clicks, visits, users, conversion rates, etc.) which results in an online purchase. But without consideration of ROPO, **online investments are constantly underestimated** in their return impact.

Effectiveness of online marketing investments are frequently underestimated



ROPO EFFECT

If a company has a realistic assessment of ROPO processes in respect of their marketing success, the need for the development of cross-channel sales concepts becomes clear.

A forward-looking **ROPO concept** is based on **3 basic elements**:

- 1) Analysis and quantification of the profit leverages of ROPO**
Investigation of online / offline conversion rate, typically through regular market research studies
- 2) Identification and development of a cross-channel strategy**
Ensuring that customers are guided throughout the whole purchase process, especially with regard to the crossover from the internet to stationary distribution (and vice versa).
- 3) Elimination of internal barriers**
Awareness and adjustment of the sales organisation (marketing, sales, customer care management etc.) to cross-channel marketing approaches

Pillars of a ROPO concept

Although it is already a common practice on the customer side, ROPO is rarely approached strategically in companies today. The implementation of successful ROPO concepts undoubtedly offers the chance of revenue growth and real competitive advantages.

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