

COLLABORATIVE MARKETING TO EXECUTE AT THE RATE OF CHANGE SUMMIT



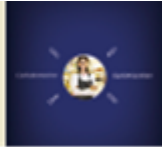
Quantifying and Achieving Shopper Marketing ROI - Case Studies

Speakers

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In this session, learn how other manufacturers have approached measuring the impact of Shopper Marketing programs, and incorporated the findings to improve utilization of spending



What we would like to share with you today....

- Examples of how different manufacturers have measured Shopper Marketing impact
 - Retailer specific events
 - Total Market events
- Implications and observations
 - Suggestions for how to improve your measurement and evaluation of Retailer Shopper Marketing



Shopper Marketing – Multiple Definitions

Classic Definition:

“Understanding how one’s target consumers behave as shoppers, in different channels and formats, and leveraging this intelligence to the benefit of all stakeholders, defined as:

- Brands
- Consumers
- Retailers
- And, Shopper’s

A shorter version from Chris Hoyt:

- “Shopper Marketing is brand Marketing in the retail environment”



Shopper Marketing – Trade Promotion Overlaps

Shopper Marketing Execution differs across the “marketing mix”

Four P’s translation:

- Product: Size, shape, color, material, package, package messages and graphics
- Price: Discounts, bundled offers, price communications, coupons
- Place: Store concept, lighting, shelves, and placement of special presentations
- Promotion: On-pack promotions, store promotions, special presentations, in-store media (TV, shelf signage, cart signage, floor signage, etc.)

For today, we are focusing on price and promotion Shopper Marketing strategies/tactics.



Shopper Marketing Growth

- Growing part of manufacturer spending directed at building business with retail partners
- Recent study quoted by Supermarket News suggests that reported Shopper Marketing investment has doubled from 2012 – 2014
 - Reported overall annual investment of \$34 Billion in the US.
- With this level of spending, more importance to answer management questions for:
 - Volume impact
 - Return on investment – payback versus alternatives



Case Studies and Examples

- Retailer Specific Shopper Marketing Programs
- Total Market Shopper Marketing Programs



Retailer Specific Shopper Marketing Promotions

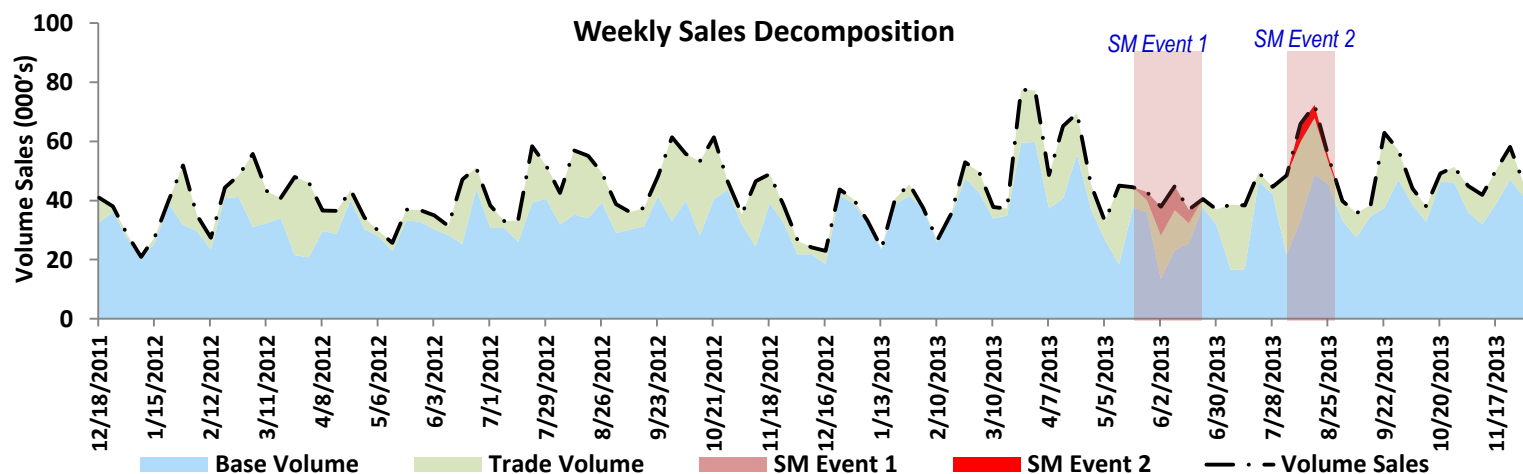
Typically combined with “classic” trade promotion tactics

- Shorter term cycle (sell in to execution)
- Large number of events and tactics
 - Multi Buys
 - Consumer coupons (digital, “classic” distribution)
 - FSP tie – in’s
 - In-store merchandising
 - Demo’s
 - Seasonal sponsorships
- Manufacturer Objectives
 - Volume lift
 - Generate increased “shopper” occasions
 - Meet manufacturer financial goals



Key Challenges in Evaluating Retailer Shopper Marketing Promotions

- **Retailer specific, with each event being relatively “unique”**
 - Mix of products
 - Tactic differences
 - Timing differences
- **Limited timeframe**
 - Event impact over 2 to 6 week periods
- **Limited causal data**
 - Syndicated sources do not specifically measure





Key Challenges in Evaluating Retailer Shopper Marketing Promotions

- Event execution details may be hard to track down, and store for post promotion evaluation
 - Event/Offer details
 - Volume results
 - Spending, fixed and variable
- Trade-off's in measurement techniques:
 - Cost-timing-accuracy
 - Pick two out of three!



Fundamental Measurement Issue: How do I measure the “Incremental”?





Case Studies and Examples

- Examples from two large CPG products manufacturers
 - Full Portfolios of brands
 - Broad range of shopper marketing events
 - Retailer Events
 - Total Market Events
 - Central team to provide direction and advice, but substantial freedom for account teams to develop or execute programs for Retailer events
 - More modest flexibility for Total market events



Case Study #1 – Retailer Shopper Marketing Promotions

Manufacturer Goals

- Establish cost effective and reliable method of measuring over 400 events annually
- Have low impact on field account teams for evaluation
- Establish benchmarks for:
 - Lift and ROI by product
 - Lift and ROI by retailer
 - Lift and ROI by tactic



Case Study #1 – Retailer Shopper Marketing Promotions

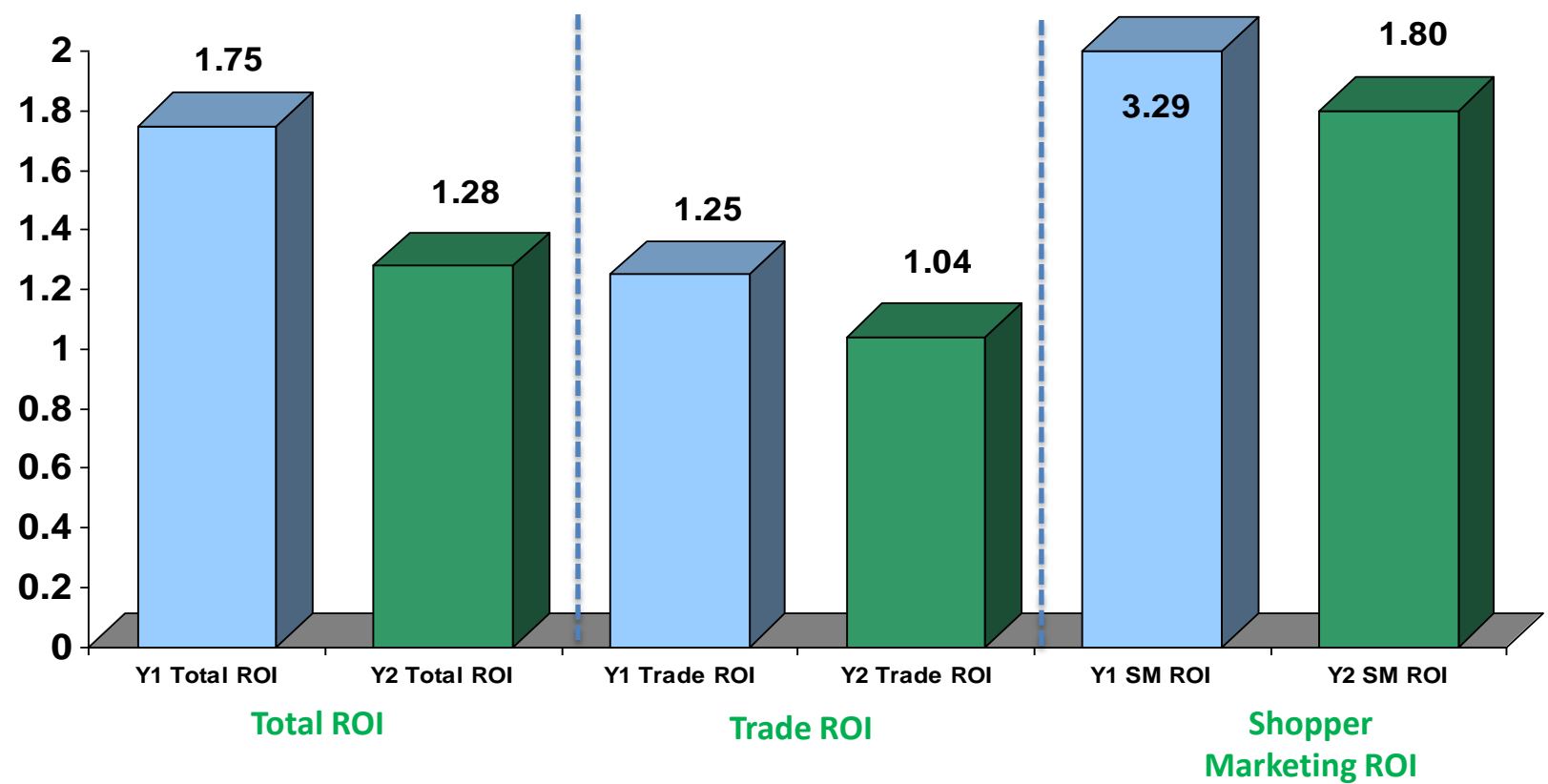
What they did....

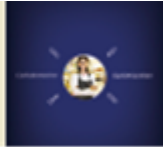
- Evaluated multiple measurement methods
- Developed a standard template and portal for collecting promotion details and spending
- Established benchmarks, after measuring a large number of
 - Events
 - Tactic's
- Central team diligently shared findings and observations



Case Study #1 – ROI Performance Over Time

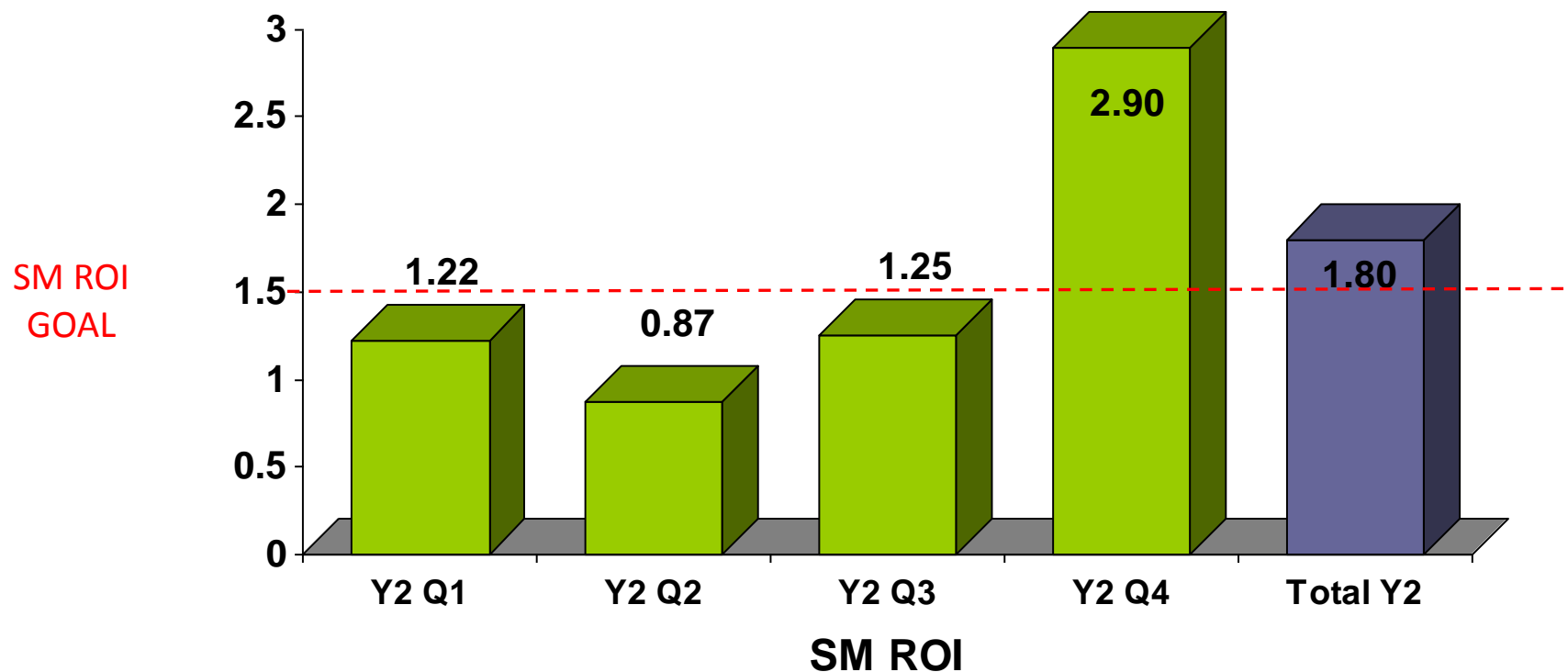
- Year 2 Program Changes Yielded Lower Performance

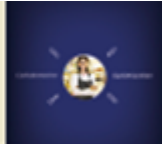




Case Study #1 – Diagnosis of Year 2 Results

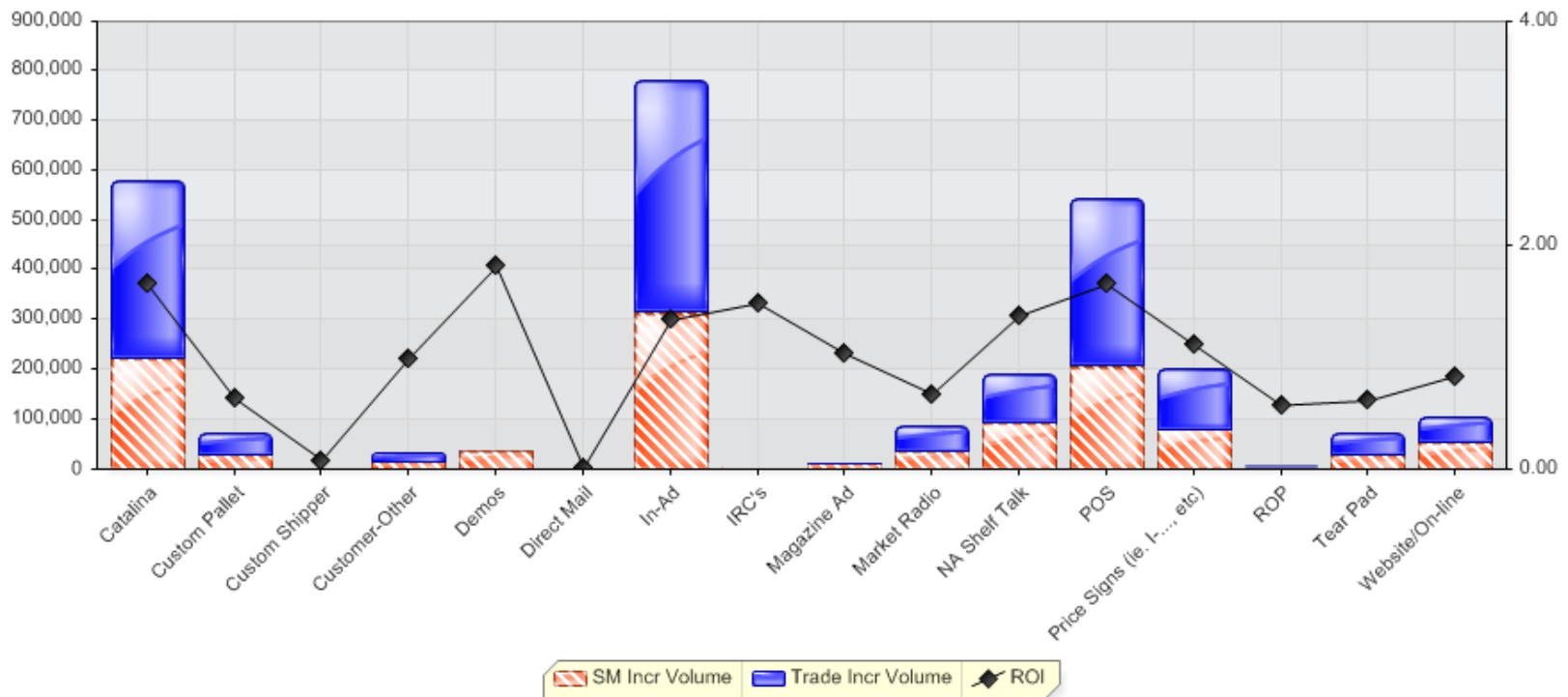
- Shift in Q4 to Seasonal Buying Themes drove ROI
- Established goal of \$1.50 for SM portion of events





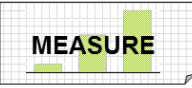
Case Study #1 – Diagnostics Lift and ROI by Tactic

- Identified significant differences in lift and ROI by tactic.
- Shifted tactics towards higher lift/ROI opportunities

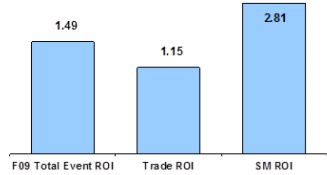





Case Study #1 – Reporting of Findings



MEASURE




SM Spend: \$108,000
SM Incr CSUs: 25,881



LEARN

- Part of Safeway corporate event
- Selection of brands make sense – focuses on Safeway's Family Focused T&P
- For relatively small cost, able to get trade benefit of merchandising for
- Fortunate to have movie tie-in with event.



CHANGE

- Next year, no movie tie-in so the team will need to be selective on brands.
- Continue to participate in corporate events in order leverage for better merchandising.

• Consistent and Robust Reporting of findings and what to potentially change.

Shopper Marketing Analysis

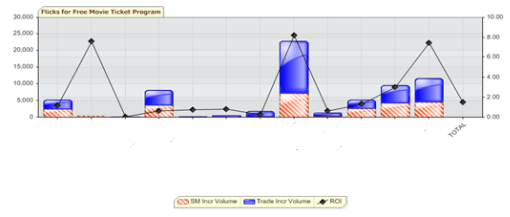
Event Name: Flicks for Free Movie Ticket Program
 Retailer: SPWY-CORP WO AKHI-RMA
 Time Period: Week Ending _____ Week Ending _____

Event Details

Program Type: Retailer/Corp
 Platform: Movie Partnership
 Consumer Offer: spend \$40 in one transaction and get 2 free movie tickets to any movie
 Tactics: Catalina/Price Signs (ie. 1-Pops, etc.), POS
 Additional Information: PROGRAM DATES 5/20B-6/100B

Comments

FEATURE ADS



IRI Product	Sales Diagnostic		ROI					Total Event Cost	Total Event	Trade ROI	SM ROI
	Total Event \$ Sales	Total EQ Volume	Total Event Incr Volume	Trade Incr Volume	SM Incr Volume	Actual Total SM Cost					
	918,860	30,353	5,172	2,821	2,357	32,482	61,931	1.17	1.34	1.02	
	57,258	2,095	511	114	397	823	930	7.58	14.59	6.66	
	111,898	2,624	275	190	85	0	55,551	0.05	0.04	0	
	1,257,056	49,953	8,161	4,506	3,656	14,050	195,002	0.63	0.38	3.94	
	85,402	2,995	328	204	124	0	7,257	0.75	0.47	0	
	319,118	12,336	464	464	0	0	8,153	0.81	0.81	0	
	806,975	26,822	1,947	1,652	195	3,425	71,127	0.25	0.24	0.55	
	1,894,097	84,218	22,943	15,639	7,284	16,455	38,622	8.2	10.35	5.67	
	128,630	4,788	1,268	946	322	9,842	17,056	0.62	1.1	0.27	
	927,056	27,407	5,216	2,638	2,578	13,783	42,802	1.31	0.98	2.01	
	439,800	27,773	9,584	5,282	4,302	10,630	20,394	3	3.46	2.59	
	802,506	20,751	11,706	7,123	4,582	6,501	18,423	7.45	7.01	8.27	
TOTAL	7,838,656	292,115	67,481	41,600	25,881	108,000	534,451	1.49	1.15	2.81	



• Case Study #1 – Summary of Changes

From an increasing number of event measurements...

- Limiting the number of brands to 5-6 per event increased overall ROI
- Simpler consumer offers increased ROI
- Promotion themes leveraging product usage occasions directly increased ROI
 - “Seasonal Themes” directly related to product usage more powerful than NASCAR/“Super Bowl” themed events.

Estimated +20% year on year
increase in event and tactic
effectiveness



• Case Study #2 – Total Market Event-Promotions

- **Event execution appears in many key elements of the brand-marketing mix (example: Sports sponsorships, Super Bowl, Movie Sponsorships)**
 - Trade Promotion – In-Store Merchandising
 - Packaging
 - Broad Market Advertising (TV, Digital, other)
- **Geographic impact can be national, regional**
- **Limited # of discrete events per brand-business group per year**

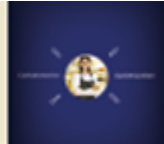


• Case Study #2 – Total Market Event-Promotions

Major Beverage Manufacturer-Distributor

Manufacturer Goals

- Establish Valid and reliable method of measuring 5-6 National promotion events annually
- Consider both consumer impact and retailer/bottler support impact
- Establish benchmarks for:
 - Lift and ROI by program
 - Lift and ROI by product
 - Lift and ROI by Retailer



- Case Study #2 – Total Market Event-Promotions



Movie Tie-in Programs



Holiday Programs-Halloween



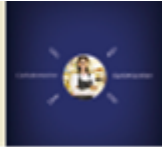
“Super Bowl”



Case Study #2– Total Market Event Promotions

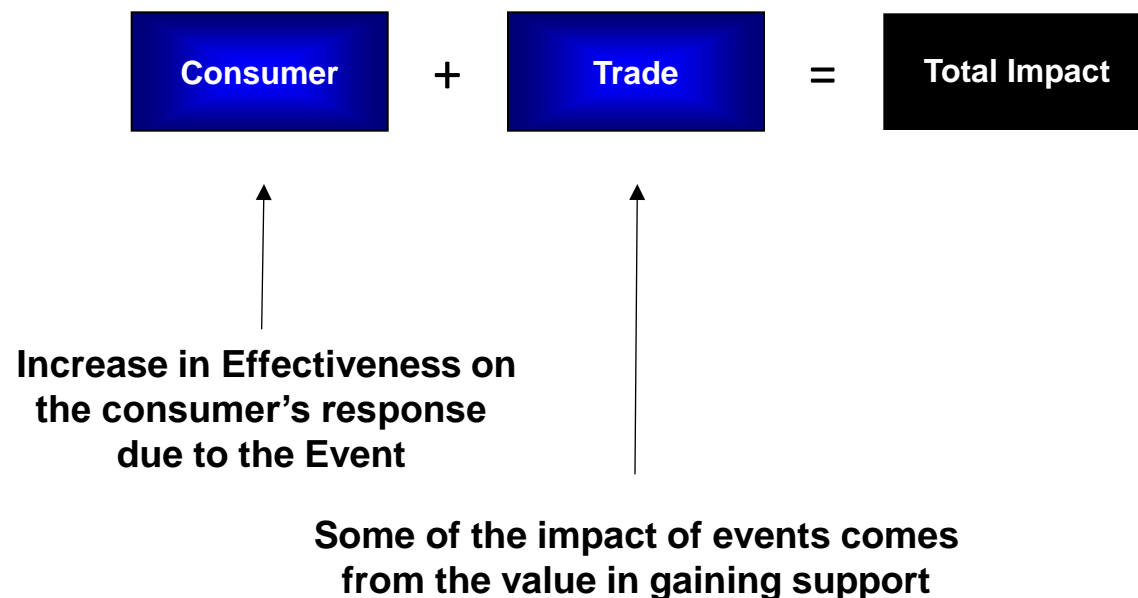
What they did....

- Evaluated multiple measurement methods
- Established benchmarks, after measuring a larger number of
 - Events
 - Tactic's
- Experimented with different combinations of tactics
 - Incorporated Findings into future plans



Case Study #2– Measurement Goal

Separate out the consumer impact-lift, from the trade merchandising impact-lift.

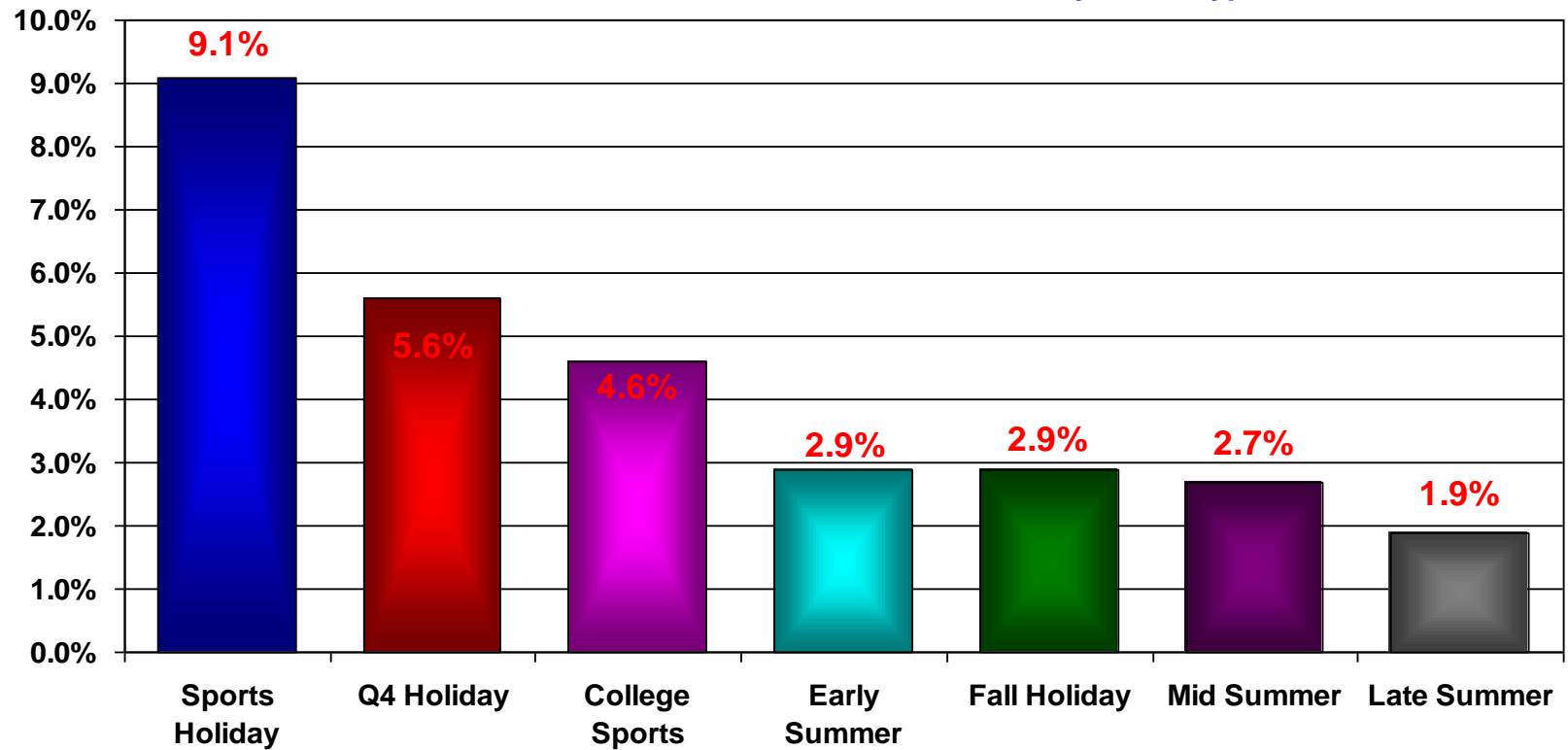




Case Study #2— Total Market Event Promotions - Lift

- Major Sports Holiday (Super Bowl) and Q4 Holiday events provided the largest volume lift

Total Incremental Contribution Summarized By Event Type

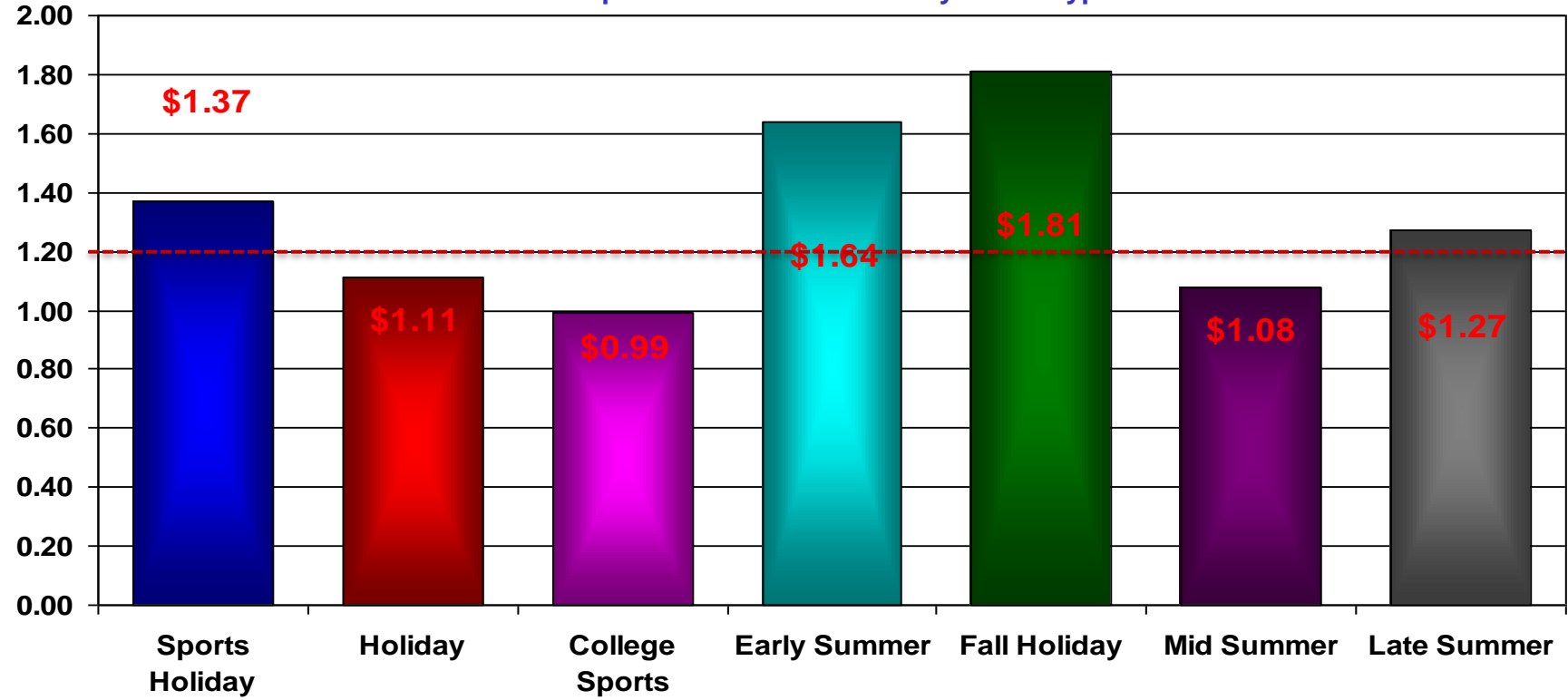




Case Study #2– Total Market Event Promotions - ROI

- Lower cost Early Summer and Fall Holiday events provided higher ROI
- Higher cost sports sponsorship (March Madness) and movie sponsorships provided lower ROI

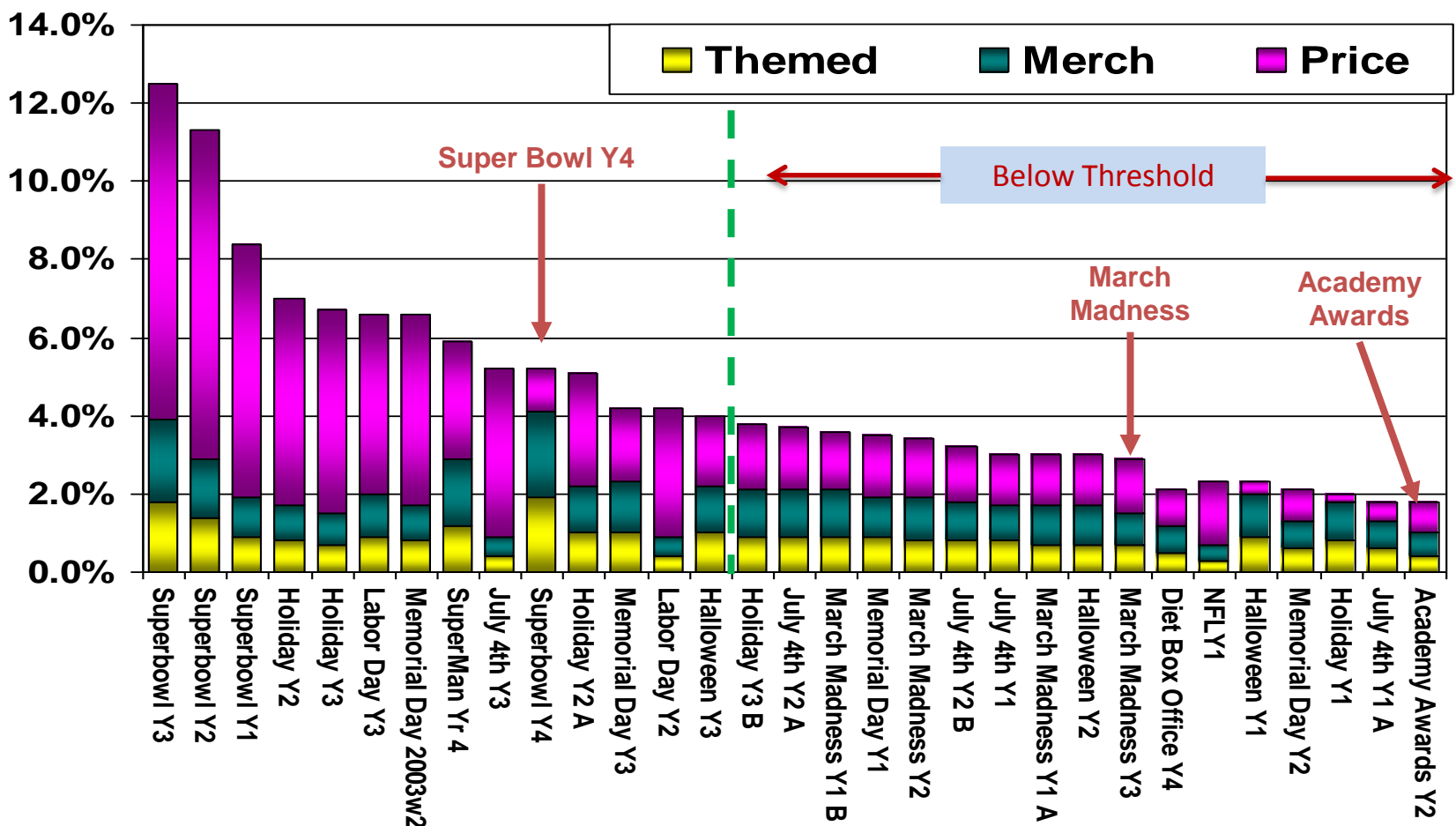
Topline ROI Summarized By Event Type





Case Study #2– Total Market Event Promotions

- Across all events, a 4.0% Lift was considered to be the threshold level

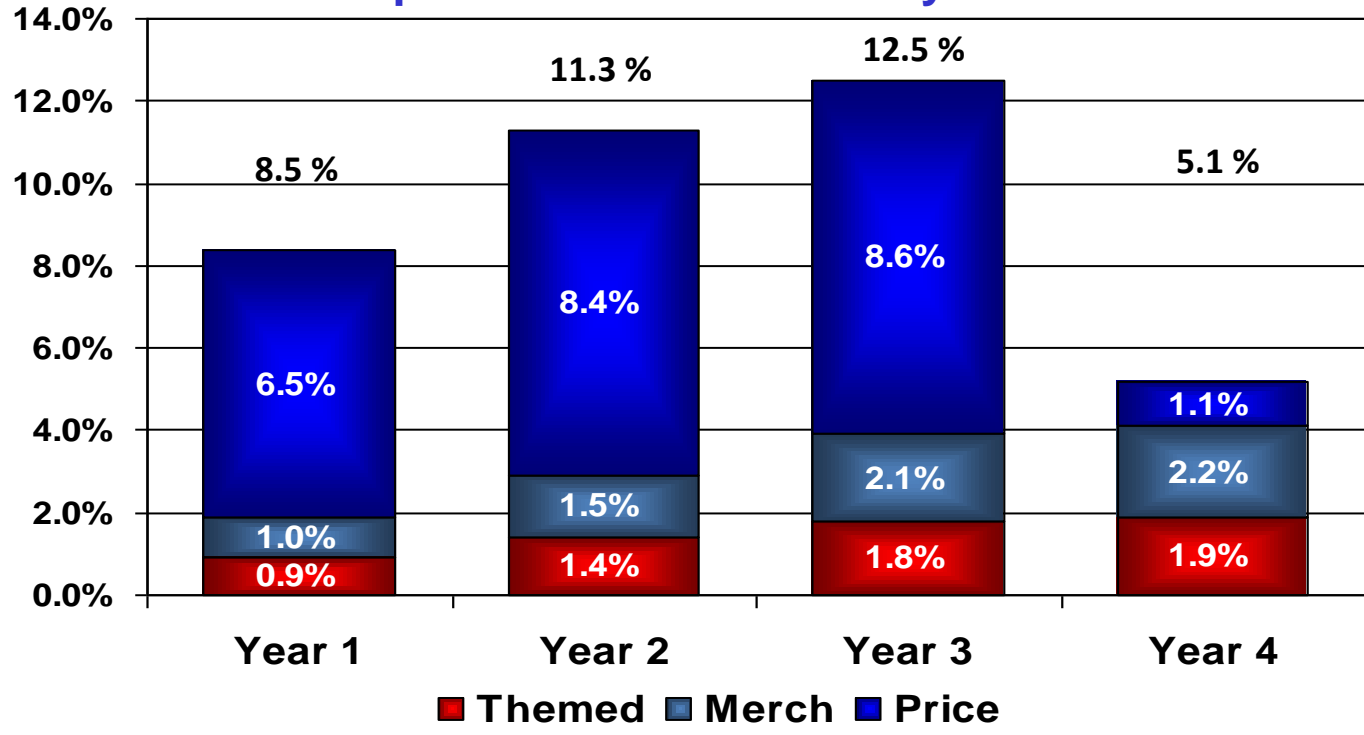


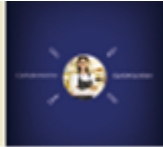


Case Study #2– Total Market Event Promotions – Diagnostics

- The Year 4 Super Bowl event underperformed prior events due to a planned reduction in price support

Super Bowl Incremental by Year





• Case Study #2 – Summary of Changes

- Included a price promotion component in all future events
- Avoided high cost/low ROI events requiring significant licensing fees or sponsorship costs
 - Movie sponsorships are boom or bust
 - March Madness, high cost, lower than threshold incremental volume
 - Continue to participate in the high volume occasions, but focus a bit more on optimizing pre summer and post summer holidays



Summary – Considerations for Measuring Shopper Marketing

- Determine the value of measuring and necessary coverage
 - Establish a cost threshold for event measurement
 - What breadth of coverage – all events, top accounts only, or a projectable sample?
- What level of accuracy and reliability?
 - Given the measurement challenge, having a “close” and consistent technique, may outweigh having high levels of statistical accuracy
 - At the very least, have a common method of determining “incremental”



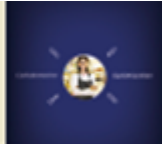
Summary – Considerations for Measuring Shopper Marketing

- **Consistent process for capturing the details**
 - Determine a means of capturing key details for events, and keeping on hand
 - Products/timing
 - Event tactics
 - Variable and fixed spend
- **Criteria for Financial evaluation**
 - Net Margin ROI and Payback above the cost of the event is hard to achieve for short term events.
 - Consider measures that include retail partner goals (payback on retail sales, category impact)
- **Don't forget the Consumer!**
 - As available, use other data sources (HH panel, FSP data)
 - Determining best combination of products for multi product events
 - Post event evaluation for expanding trips or basket size

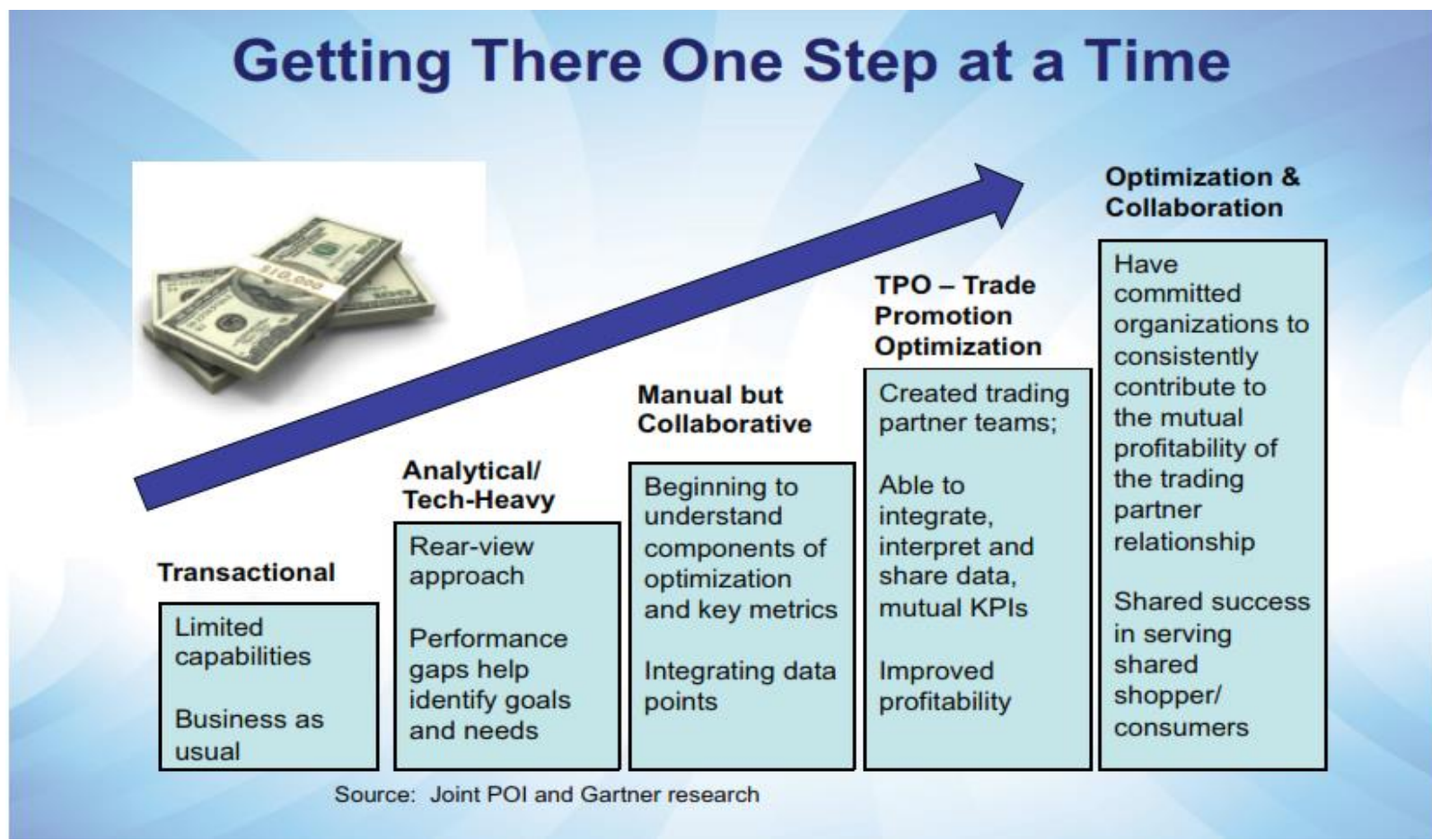


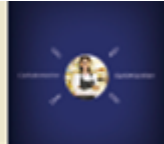
Summary – Considerations for Measuring Shopper Marketing

- **Developing Benchmarks**
 - Identify reasonable threshold levels for lift and ROI, and evaluate over time
- **Evaluating tactics and Implementing results**
 - Standard/common templates for sharing findings
 - Regular team evaluation, and best practice sharing among
 - Field account teams
 - HQ, Central Support teams
 - And, Retail Partners



Parallel Track with Building TPO Collaboration!





Thank You!

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