

## **More opportunities Equal More questions: The role of retail investments in the marketing budget**

By Duncan Southgate, Millward Brown

Brands today operate in markets where the battle for share is tougher than ever. Many packaged goods manufacturers are promoting themselves in-store using more generous price promotions or multi-buy offers, some are modernising packaging or extending line ranges, while others are turning to newer techniques such as ads on petrol pumps, shelf wobblers, on-floor ads and in-store TV screens. To help seal a deal, online flight operators offer incredibly low advance air fares and email specials, while car manufacturers are providing fantastic finance packages - and even a free cappuccino while you wait!

Increasingly creative channel possibilities both excite and unnerve marketers. Which of these opportunities will genuinely help to close a sale? And which are just a potential waste of time and money?

More specific retail marketing questions include:

- How can I better integrate my retail sales and other marketing activities?
- What mutual benefits will better integration bring?
- What is the role of in-store communications alongside other marketing activities? What additional messages does in-store need to provide?
- Which brands are most in need of additional in-store support?
- Which shoppers are most likely to respond to in-store activities?

### **A comprehensive new approach**

Millward Brown is responding to these developments and questions with a new qualitative and quantitative research framework which helps marketers determine how best to balance and integrate all potential communication channels. It provides one common framework which guides investment decisions across the entire sales and marketing budget. The new framework is called Demand & Activation (or D&A™).

**Demand** is clearly based on a myriad of memories, associations and feelings about the brand. It will also have been generated by a variety of influences, including personal experience, marketing communications, word of mouth, level of in-store availability and so on. Demand is generally built up over the long-term. Our approach links demand to the factors we know drive brand leadership from our years of brand equity measurement work, and is also tailored to the key drivers of each particular category.

Brands with superior equity and positioning relative to competitors will have stronger initial demand before the shopping process starts and the purchase decision is made. They are more likely to get into the consideration set or onto the shopping list, and more likely to be bought regardless of competitive offers, pricing and promotions.

The demand understanding then provides the start point for the critical **activation** or shopping phase. The sales activation process is different for all individuals and varies significantly by category.

In longer-term purchase categories, the activation phase may last many weeks. For a car, the process begins the moment someone starts seriously considering their next purchase. Their consideration is then influenced by articles and websites they read, TV and magazine ads they see, advice from friends, test drives they take and how responsive the local dealer seems. All these will play a role in converting their initial desire to buy a particular make or model into a sale.

For a typical FMCG product, activation will largely take place within the store environment. As people shop for the category, some brands will have more visible packaging, others will be running price reductions, others exciting promotions, and some will not even be there. These days, a consumer may even be confronted by an in-store TV ad or a giant 'theatre' display.

In most markets usually only one brand wins through – this is not always the brand which the consumer originally wanted, for which they had strongest demand. So successful short-term activation can make or break a brand.

To provide comprehensive feedback on the activation phase, D&A combines qualitative ethnographic observations with quantitative interviews among very recent purchasers.

## Identifying brand opportunities

The D&A approach identifies opportunities by contrasting brand demand before consumers start the buying process with what they actually purchase. Comparison with competitive brands highlights the level of growth potential for a brand, if it can improve its retail presence.

It is essential that any evaluation of potential opportunities is tailored to brand objectives. It is therefore important to understand the role of each activation influence. For example, a packaged goods brand might discover that prominent displays (such as aisle-ends) are sufficient to increase sales fulfillment among those who already had reasonably strong demand for their brand. They might also discover that multi-buy offers are better than price reductions in converting new users with lower demand into buying the brand.

D&A studies can be further enhanced by segmentation approaches which provide detailed shopper insights – explaining how different types of consumers generally approach purchases in the category. Some consumers will clearly be more open to retail activities than others, and matching retail efforts to the needs of the brand's core target will be key.

Only by evaluating whether, how, and among whom retail activities are contributing to sales can future marketing plans be constructed around specific brand objectives.

## **Actionable recommendations**

Bringing this all together, an early D&A study identified a brand with strong demand built on a heritage of clever, creative advertising; the product itself had built strong taste perceptions; and word of mouth had helped build health perceptions. Despite this, their packaging and in-store presence was relatively weak, resulting in lost sales to competitors. In line with D&A recommendations, the client revised their packaging to build on the imagery that had been created through advertising and also focused more effort and resources on in-store "proximity collateral" and sampling. They continued to reinforce demand through TV and magazines, creating a far more integrated message.

The D&A approach has already been applied successfully across a number of categories (from soft drinks & beer to mobile phones & hotels) and in many countries (Europe, Pacific Rim, Americas). For more information on D&A, and how it can help integrate your retail sales marketing into the overall marketing budget, please contact your local Millward Brown office or via [www.millwardbrown.com](http://www.millwardbrown.com)

Duncan Southgate  
Associate Director of Global Innovation, Millward Brown