

Volume-Driving Strategies in a Sea of Choice and Change



MARKET FRAGMENTATION
IS EVIDENT AT CHECKOUT

2% of shoppers
represent

80%

of a typical brand's sales volume,

and no two shopping baskets are alike; in fact, **99.3%** of products sold in-store are ignored by the typical shopper over an entire year.

Growing sales and share for CPG brands has never been more challenging. Consumers are now armed with an escalating array of product choices and buying options. This panoply of item availability and instant access to digital and physical buying channels has created a challenge for brands looking to accelerate. Resulting category growth for most brands is negative or in the single digits.

Change for CPG brands is a constant, but significant shifts in consumer behaviors and an onslaught of nimble competitors puts increased pressure on brand growth. Catalina's real-time view of shopper behavior across over 500 million shopper IDs at 44,000 retail locations shines a light on the brand growth dilemma with a view of many of its contributing factors.

CATALINA®



6 Major Trends That Impact Brand Growth

1

INGREDIENTS DRIVE THE SALE

Natural and organic ingredient-based purchase motivations are driving share away from legacy brands that are less transparent about what goes into their products. Recent Catalina data shows that Organic Seekers will try products at a 56% higher rate and will increase their purchase volume by 150% when targeted with products featuring organic ingredients.

MILLENNIALS CRAVE DISCOVERY

Millennials can demonstrate loyalty but are constantly in search of new items and solutions. In fact, 69% say they crave adventure, and this extends into their food choices. Melanie Felgate, Senior Consumer Analyst for GlobalData, says, "Millennials are more open to new and innovative concepts, indicative of wider exposure to foreign cultures and products from an early age compared to their senior peers." Catalina data shows that only 11% of brand buyers remain loyal after 12 months, making volume-driving efforts a constant battle to retain and acquire loyal buyers who drive the majority of sales.

2

Only **11%**
OF BRAND BUYERS
REMAIN LOYAL AFTER
12 months



3

APPEALING TO A HIGHER PURPOSE

As consumers bring ethical and social considerations into their purchasing, upstart challengers are stealing consumers with both their products and their missions. Purpose-driven millennial consumers make purchase decisions based on brand values, which can be a proxy for the quality and trust that prior generations had put into legacy brands.

INCENTIVES CHANGE BEHAVIOR

According to Inmar, coupons and deals still have a significant impact on shopper behavior: Of consumers who used a coupon in the last three months of 2017, 83% reported the coupon changed their shopping behavior—motivating them to buy more, buy sooner, and/or buy a brand they would not have otherwise. The same holds true for millennial shoppers: Roughly 40% of millennials said they look for print coupons on a weekly basis—that's even higher than the percentage who say they look for coupons online.

4



83%

REPORTED THE
COUPON CHANGED

shopping behavior

5

SMALL BRANDS DOMINATE THE SHELF

Retail penetration is a strategic priority for small brands looking for growth. These brands realize significant volume gains through strong retail partnerships. According to Honest Tea, distribution increased from 15,000 to 100,000 retail stores after the acquisition by Coca-Cola. Half of the 200 top selling new items of 2017 came from companies with less than \$1 billion—a huge increase from just a couple of years earlier, according to IRI. These young high-growth brands have an outsized impact on brands looking to maintain or grow share at retail.

NOT YOUR GRANDMOTHER'S STORE BRANDS

Perennially, private label products were known as the inexpensive, lower quality alternative to brands, but no more. Retailers have invested in better branding and higher levels of sophistication in their marketing, attracting consumers who see the relevant value in retailer branded products without the stigma past generations placed on them. Just over half of millennials, have no real preference between private label and national brands, according to a study published by Cadent Consulting Group.

6





34% LIFT

IN INCREMENTAL
PURCHASING WHEN
DIGITAL IS ADDED
TO IN-STORE OFFER

Best Practices in Driving Volume & Share to Win Today

Understand your shopper's unique buyer DNA

Young brands born out of very narrow product benefits understand the need to target their audiences accordingly and efficiently to drive sales, and it's a playbook for established and emerging brands alike. Marketers need to look at what distinguishes buyers from multiple angles, as purchase motivations can be hard to pinpoint. Thankfully, new advances in data and analytics give brands a holistic view of a shopper's unique DNA. Item-level purchase data—including a buyer's ingredient-level purchase habits, purchase cycles and consumption levels, as well as geographic and demographic deterministic signals—help marketers understand the individuals behind the data and identify buyers who have purchased items with similar ingredient profiles in other categories. Organic Seekers, for example, purchase products with these attributes at a rate of five to 15 times higher across all categories.

Incent them to discover your brand, buy and repeat their purchases

Delivering the right targeted message and offer to shoppers with the right DNA will elevate and accelerate discovery, and convert to trial. But focusing on trial or short-term volume isn't enough. Since such a high concentration of buyers represent a majority of sales, brands need effective strategies for managing the shopper lifecycle. Considering that only 11 percent of buyers remain loyal after 12 months, ongoing targeted communication to increase purchases and reduce churn is a requirement to maintain adequate volume throughout the product lifecycle.

Don't let them put you on ignore

Make sure your products get the attention they deserve with a precise approach to marketing. Multi-channel, personalized promotional campaigns create the surround sound needed to break through and drive efficient and effective volume. Dr. Kevin Kelly, Communications professor at BYU, stated in a Forbes article, "Intersecting with the consumer where they live, on their devices, and capturing their attention with meaningful and motivating content has changed the way we approach promotions." Being there when shoppers are ready to make their next purchase will drive increased awareness, loyalty and volume. Timing the delivery of ads and offers based on when the shopper needs a new supply of laundry detergent and when he or she is near their store significantly increases your relevance and connection to the consumer.

Surround them with value

Leveraging combined digital and print for promotions can significantly increase the incremental dollars spent per household, especially when both are more targeted and personalized and they are coordinated for optimal impact based on the individual shopper's consumption and purchase cycle. In one Catalina case study, leveraging digital media with in-store versus traditional print alone increased the incremental dollars spent per household by 20% (Catalina Purchase MultipliR Case Study). In another Catalina multi-brand program, there was a 34% lift in incremental purchasing from the group that was exposed across both digital and in-store channels vs. those only exposed to the in-store offers (Catalina Volume MaximizR Case Study).

CONCLUSION

Catalina data has shown that it is 5 to 25 times more expensive to acquire a customer than it is to retain customers, and that a 2% increase in retention has the same effect as decreasing costs by 10%. With all these factors facing brands, marketers need to be more targeted and efficient than ever in the way they retain and grow their consumer bases.

Despite the challenges presented by all the new competitors, product options and buying choices in the market, existing brands can still win. Blending emotional, social vehicles with direct, efficient methods is a winning formula for retaining consumers and driving volume. Brands have always needed to build consumer connections beyond prices and deals. It has never been more critical to identify your target buyers and maintain an ongoing personalized dialogue with them in order to remain relevant and grow your brand. Catalina has a broad selection of solutions backed by **buyR³science™** to help solve brand and volume challenges that connect with consumers on both levels.

Contact your Catalina representative for more information.
Email us at Results@Catalina.com or call today: 1-877-210-1917