



The Next Generation of Shopper Marketing

Re-Architecting Shopper Marketing for Maximum Performance

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SymphonyIRIGroup

Insight.
Innovation.
Impact.

Executive Summary

INSIGHT

- ❑ In an environment marked by intense competition, rapidly changing media, and fragmented brand loyalty, CPG marketers are faced with the fact that the “old way” of marketing is simply not bringing the desired results
- ❑ Today’s consumers follow a wide range of CPG shopping strategies and are influenced by many factors, including life stage, need state and more

ACTION

- ❑ Rebuild the marketing organization from the bottom up to provide the framework for a holistic and integrated approach to shopper marketing
- ❑ Gain deeper insights into shopper behavior by integrating a full spectrum of shopper intelligence into all analyses; leverage these integrated findings as the foundation for all planning, engineering and optimization tasks

Executive Summary

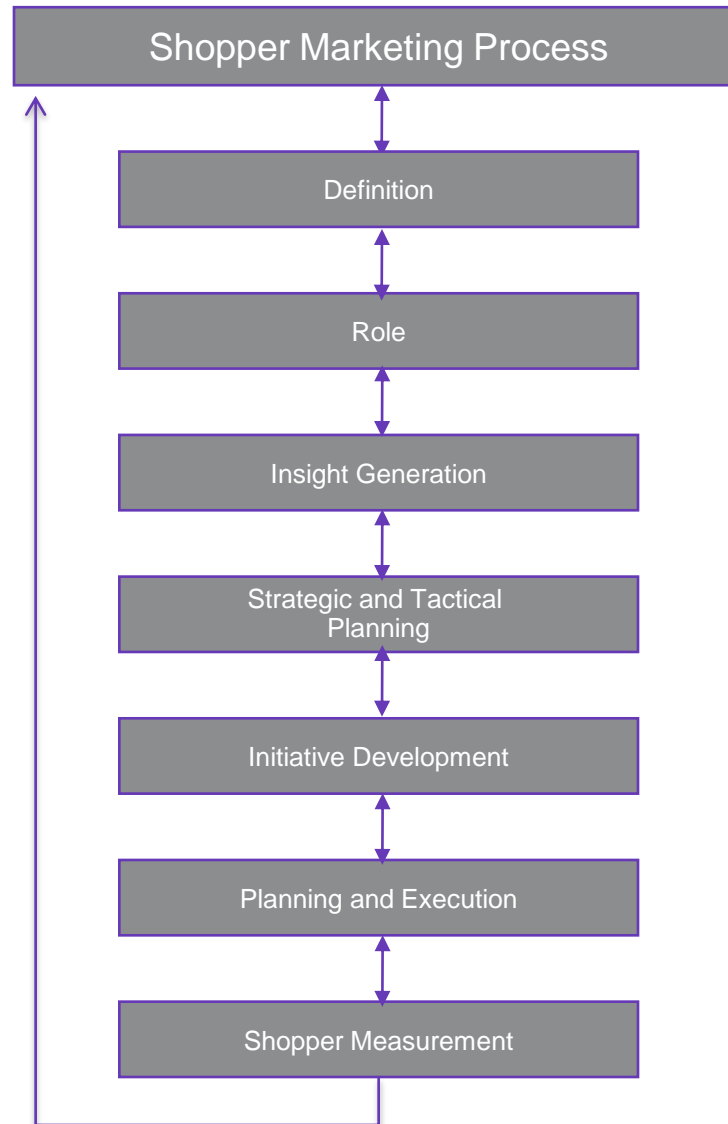
INSIGHT

- ❑ Trip missions have been used successfully for years as a key indicator of shopper purchase behavior, but, as shopping patterns change, these analyses are being augmented by more comprehensive shopper-centric analyses known as trip route analyses
- ❑ Store selection is a complex process that is influenced by a range of factors, most of which tie to three core values: time, money and quality
- ❑ Merchandising activity has escalated as CPG marketers vie for share of wallet; price-only actions are being heavily leveraged across a wide range of CPG categories and departments

ACTION

- ❑ Supplement “tried and true” consumer and market assessment processes with a 360 degree perspective of shopper behavior where shopper knowledge is applied at the individual household and store level
- ❑ Develop and prominently tout a solid value proposition that effectively leverages a combination of programs-from sales to store brands-which are reflective of the needs and wants of key shopper segments
- ❑ Model and heavily test price changes before implementation to understand the breadth and depth of impact achieved across performance measures

Today's most powerful CPG organizations will align marketing disciplines to create an integrated and sustainable strategic organizational and operational differentiator called Shopper Marketing.

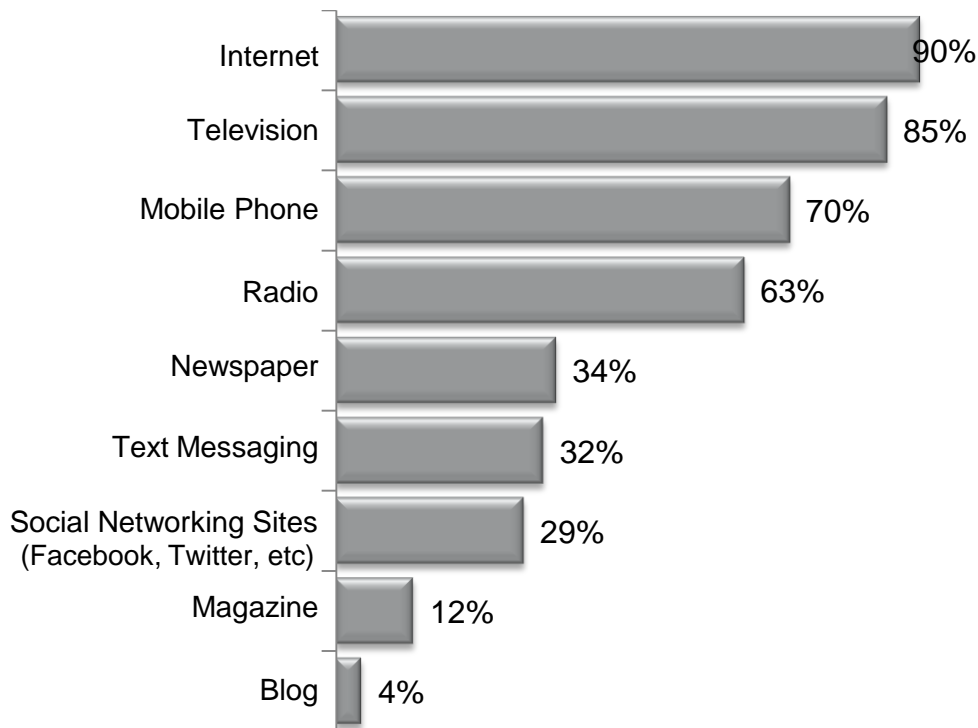


The diverse nature of today's trip strategies underscores the importance of leveraging holistic shopper segmentation strategies as a key foundation in creating a clear understanding of consumer and market opportunities.



Trip Strategies
As % of Shoppers

CPG marketers must quickly adapt to the new world of CPG media, and develop competencies which will allow communication with consumers at the next level.



Source: FMI Brand and Retailer Loyalty Survey, 12/2009

Daily Use of Traditional and New Media As % of Shoppers

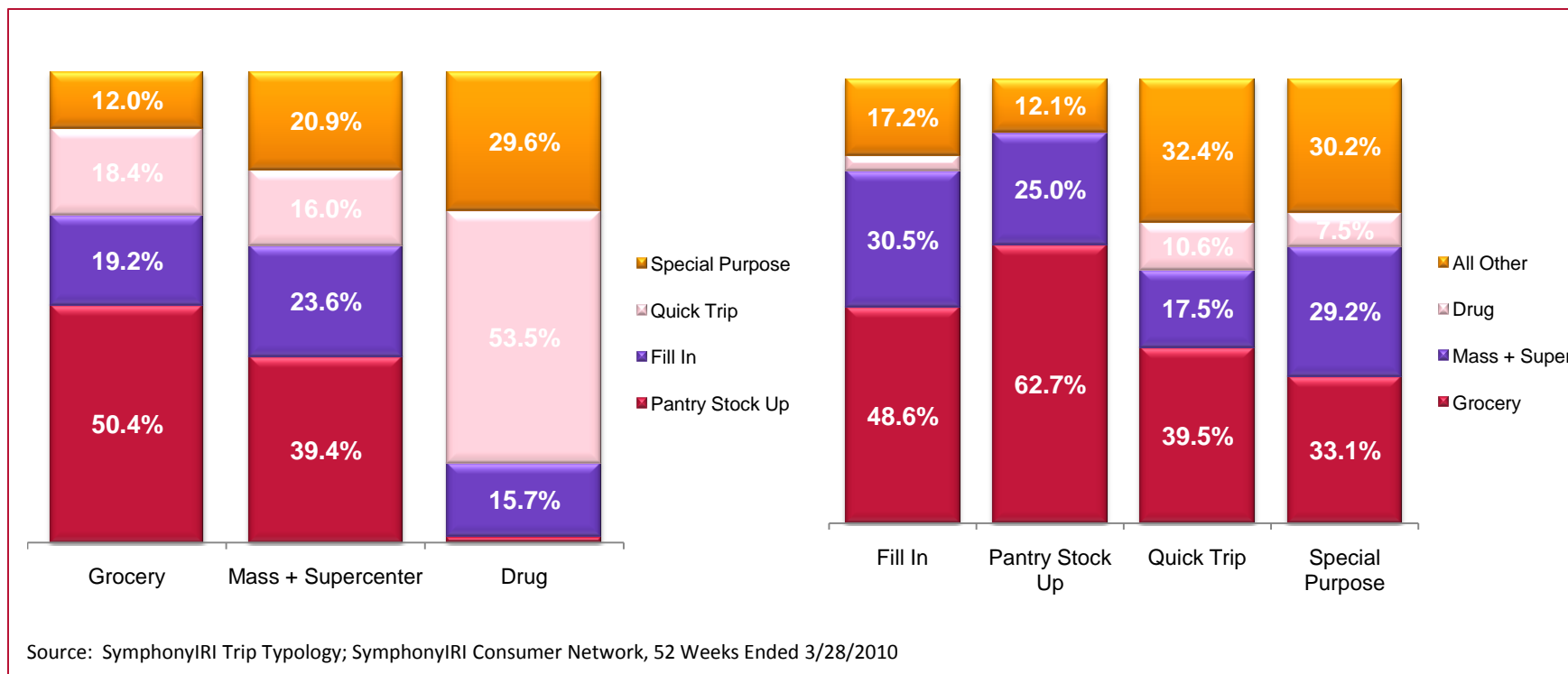
Trip missions play a critical role in shopper marketing, helping to define the consumer mindset and providing the basis for developing and executing a myriad of consumer-centric strategies.

Trip Type	# Items	All Outlet Average \$ Spent	Mindset	% of All Outlet Trips	% of All Outlet CPG \$
Quick Trip	1-5	<\$40	Need it now, have to make a trip	55.6%	23.0%
Special Purpose	2-10	\$20-\$50	Buying for a specific event (not routine)	16.6%	17.9%
Fill In	5-15	\$30-\$80	Routine fill-in on heavy use categories	14.3%	19.5%
Pantry Stocking	15+	\$50+	Prepare for the coming week	13.4%	39.6%

Source: SymphonyIRI Trip Typology; SymphonyIRI Consumer Network, 52 Weeks Ended 3/28/2010

Trip Mission Overview 2010

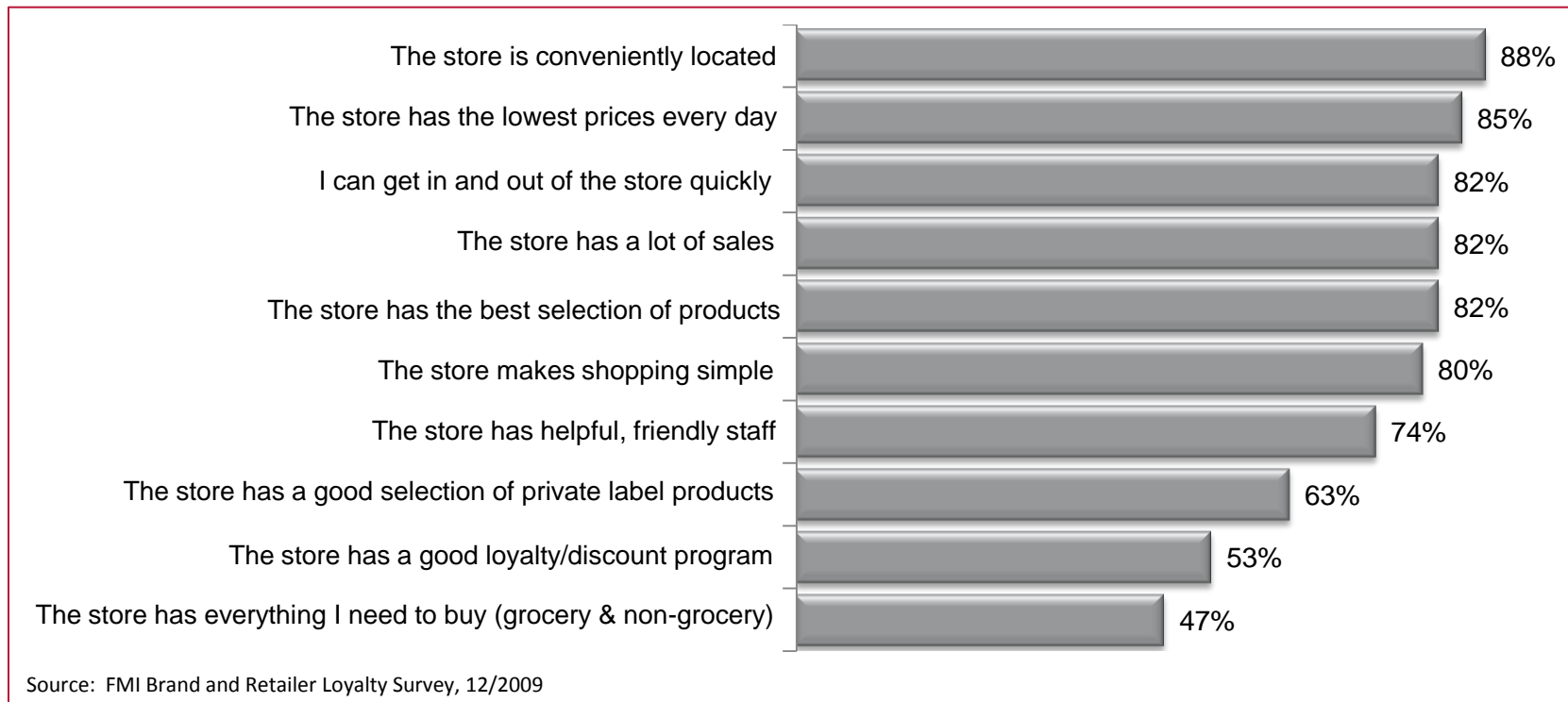
Multiple trip missions are represented across CPG channels today, but subtle shifts are occurring across and within channels.



**Trip Mission as % Dollar Sales
By Channel- 2010**

**Channel as % Dollar Sales
By Trip Mission 2010**

The store selection process is complex and is characterized by a broad consideration set which ties quite closely to three core values: time, money and quality.



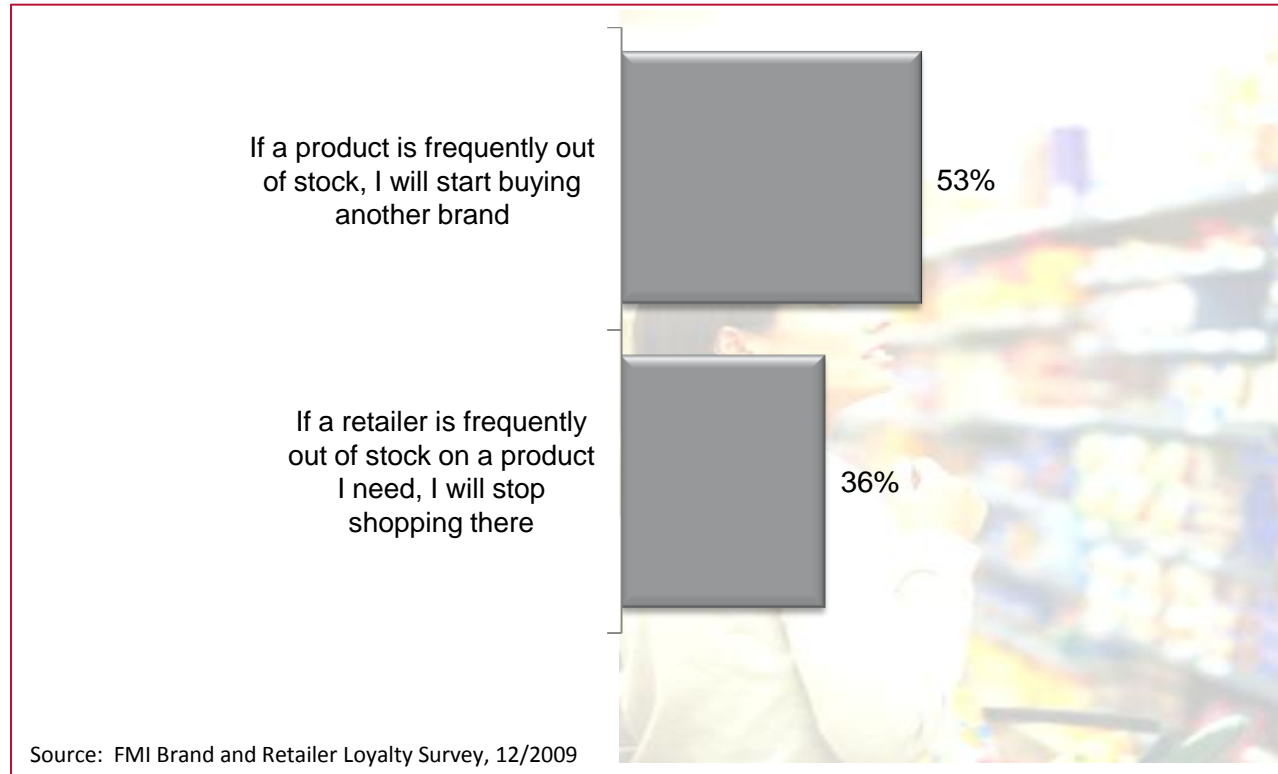
Top 10 Important Store Attributes
As % of Shoppers

Consumers seek a range of convenience and value-oriented features in their loyalty programs today, providing opportunity for differentiation and, perhaps, a level of customization.



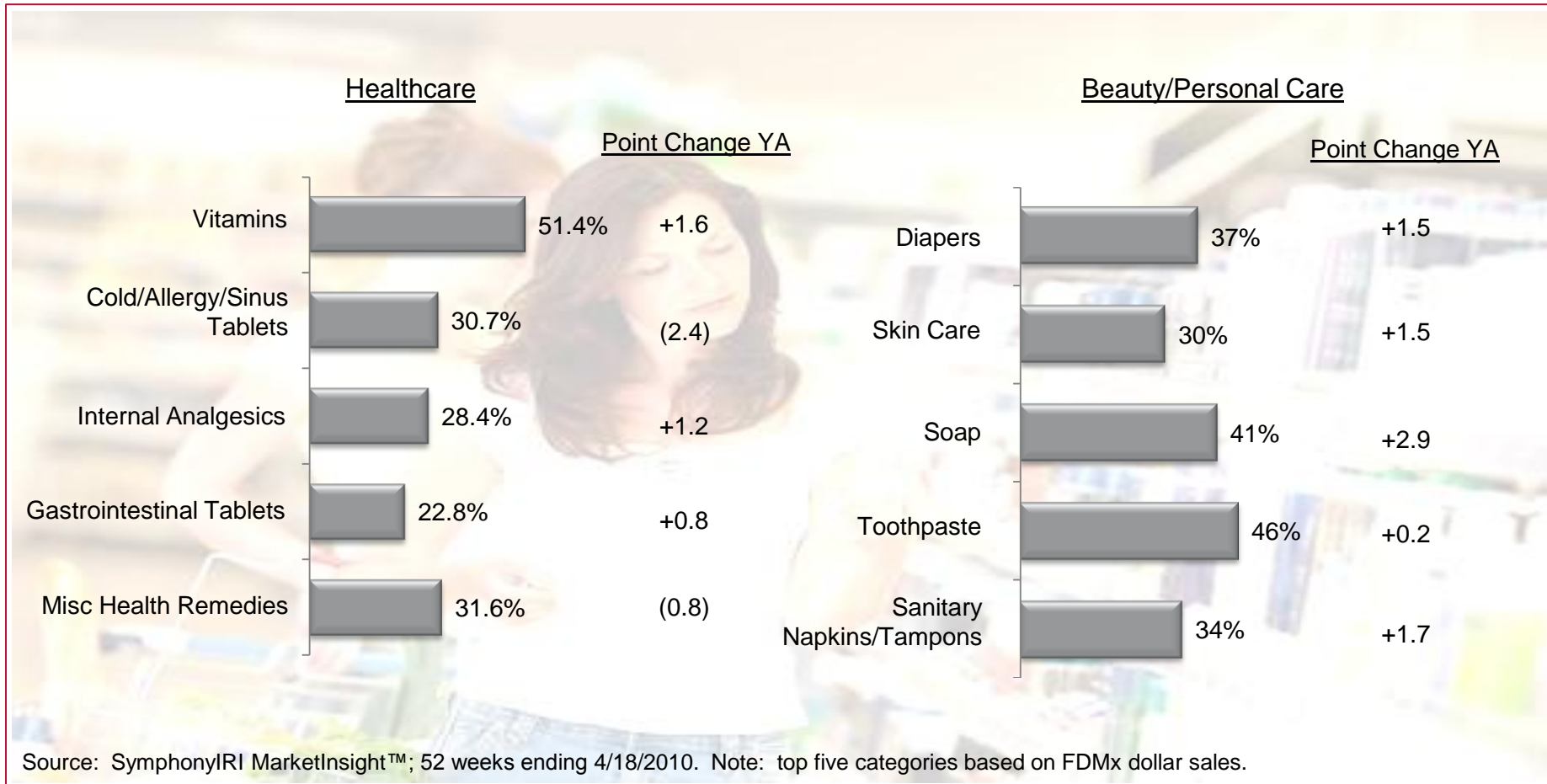
Important Loyalty/Discount Program Features
As % of Shoppers

Shoppers' powerful reaction to persistent out of stock situations underscores the importance of continually measuring shopper patterns and preferences at a granular level.



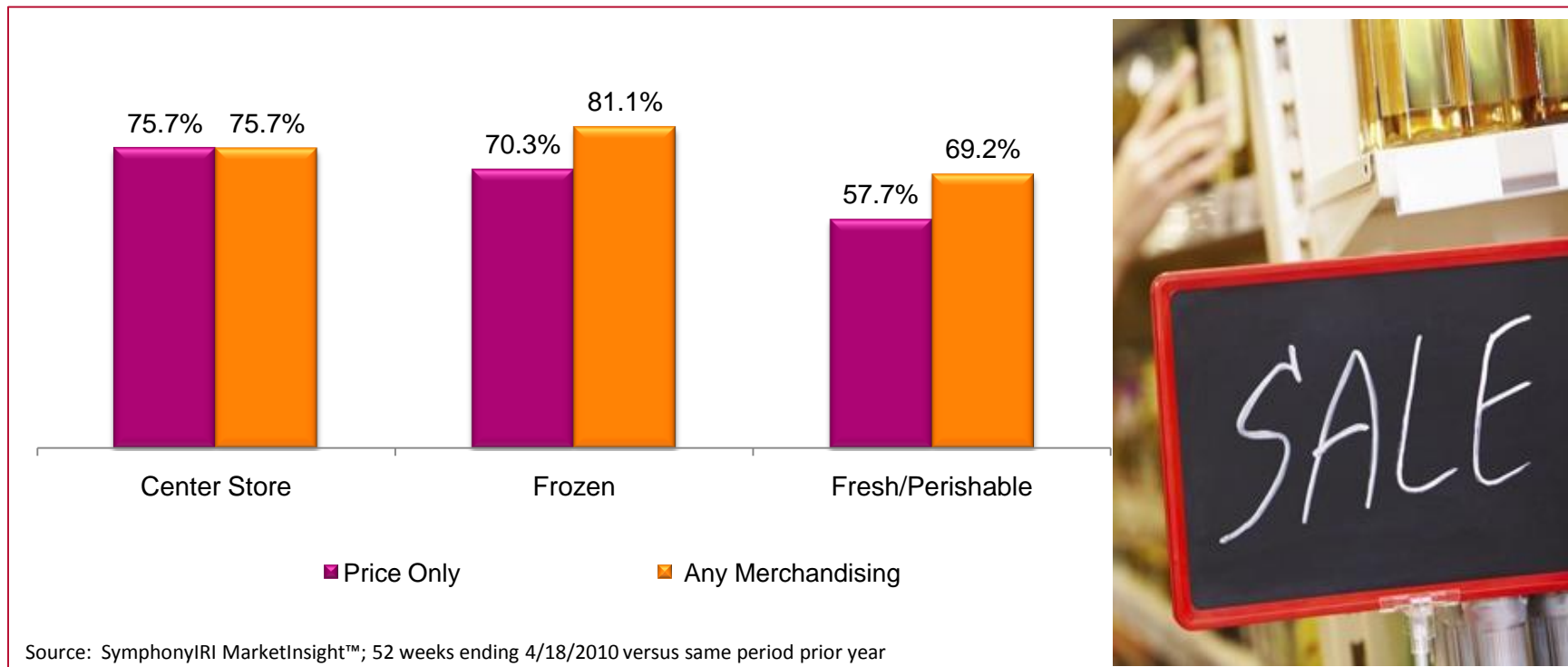
Shoppers' Views on Stocking and Availability
As % of Shoppers

CPG marketers are looking to stimulate purchase behavior with stepped up merchandising across a range of key healthcare and beauty/personal care categories.



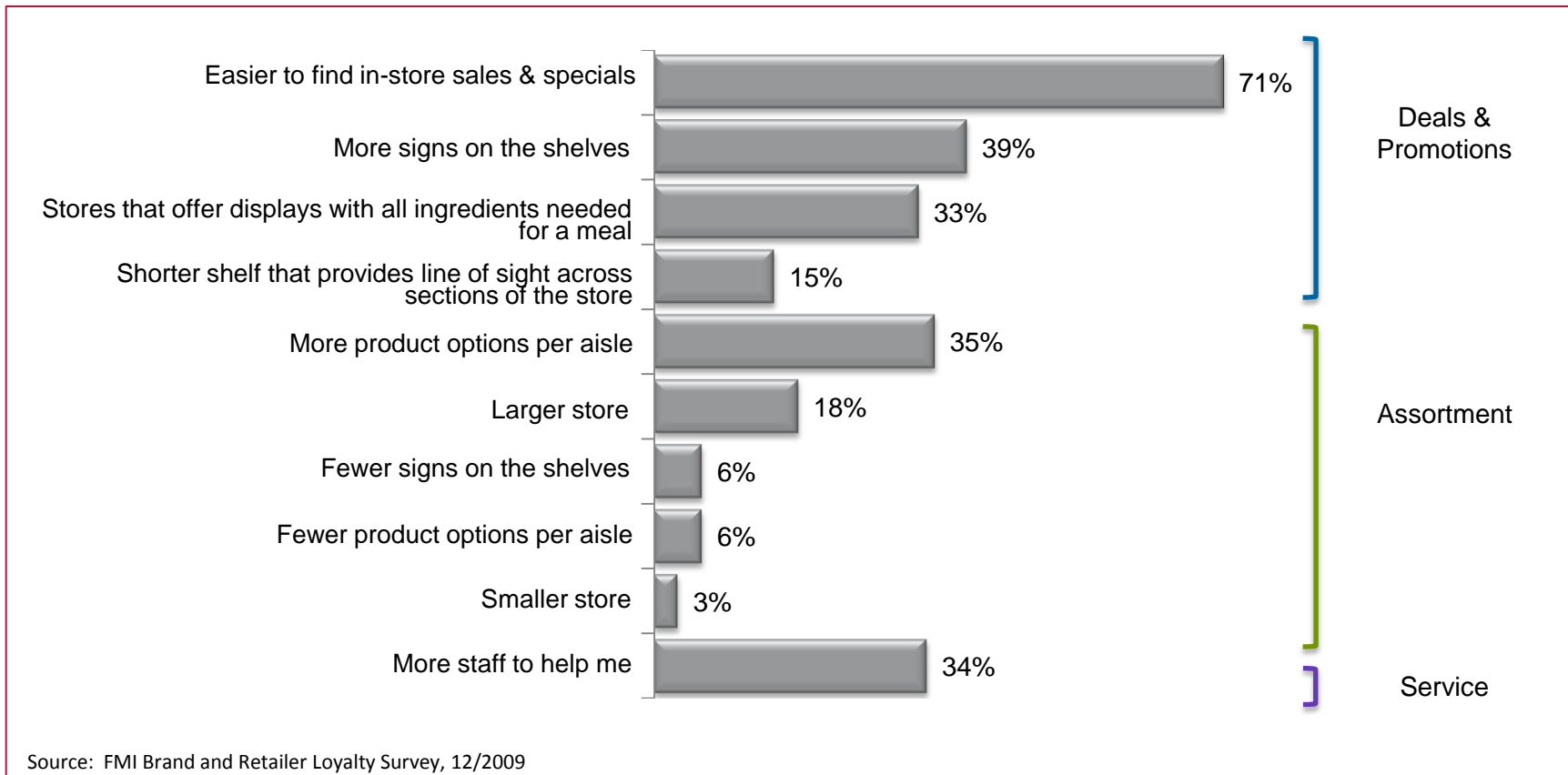
**% Volume, Any Merchandising
Among Leading Health & Beauty Care Categories
FDMx**

Merchandising has also intensified across a range of food and beverage related departments; much focus has been placed on price only actions.



2010 % Categories Experiencing Increase in % Volume, Any Merchandising
Among Fresh/Perishable, Frozen Foods and Center Store (Food) Departments
FDMx

Though consumer views of shopping simplicity vary, key areas of concern can be generally categorized under the realm of deals & promotions, assortment and/or service.



Ways to Make the Shopping Experience Easier
As % of Shoppers Reporting Simplicity as Very Important

Conclusions: Manufacturers

Product Marketing

- Drive marketing platforms to a new level by integrating old and new media with consistent and/or complementary marketing messages
- Ensure media mix begins to impact the shopper in the home and reinforces message throughout the shopping experience
- Collaborate with key retailer partners to facilitate shoppers' planning process; consider messaging and tools, such as coupons and innovative money-saving offers, that will improve the odds of "getting on the list"

Shopper Marketing

- Understand trip mission strategies of key retailer partners, and collaborate to ensure that assortment reflects dominant/desired purchase patterns
- Partner with key retailers in the development of loyalty program offers targeted against the needs/wants of key shopper segments
- Reduce out-of-stock situations by developing distribution strategies that are reflective of dominant/desired trip missions and purchase patterns

In-Store Marketing

- Work with retailer partners to determine most effective product location; location within the store and product adjacencies should reflect dominant trip types, as well as targeted trip types, where relevant
- Tie in-store efforts with externally-targeted promotional campaigns to reinforce/solidify purchase decisions made prior to entering the retail environment
- Constantly measure and monitor in-store initiatives against desired shopper impact; implement mid-cycle adjustments as warranted

Conclusions: Retailers

Product Marketing

- Drive marketing platforms to a new level by integrating old and new media with consistent and/or complementary marketing messages
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- Collaborate with key manufacturer partners to facilitate shoppers' planning process; consider messaging and tools, such as coupons and innovative money-saving offers, that will improve the odds of "getting on the list"

Shopper Marketing

- Clearly communicate trip mission strategies to key manufacturer partners, and collaborate to ensure that assortment reflects dominant/desired purchase patterns
- Partner with key manufacturers in the development of loyalty program offers targeted against the needs/wants of key shopper segments
- Reduce out-of-stock situations by developing inventory management strategies that are reflective of dominant/desired trip missions and purchase patterns

In-Store Marketing

- Work with manufacturer partners to determine most effective product location; location within the store and product adjacencies should reflect dominant trip types, as well as targeted trip types, where relevant
- Tie in-store efforts with externally-targeted promotional campaigns to reinforce/solidify purchase decisions made prior to entering the retail environment
- Constantly measure and monitor in-store initiatives against desired shopper impact; implement mid-cycle adjustments as warranted