

BIG BANG ON A BUDGET:

OPTIMIZING YOUR SHOPPER MARKETING INVESTMENT



Everyone loves an underdog. From biblical stories like David and Goliath to pop culture heroes like Rocky, overcoming the seemingly impossible is an integral part of the American spirit. The underdog story is an engaging narrative. That is until reality hits home and you find yourself up against established industry heavyweights with huge marketing budgets. Then being the underdog isn't so much fun.

Recognizing the reality that most brands don't have multi-million dollar budgets, the Path to Purchase Institute, an internationally recognized authority on shopper marketing, introduced a Small Budget Excellence track at its annual Shopper Marketing Expo in 2013. The Institute programmed an entire day of budget-focused presentations.

Is budget a key indicator of success? Is a large budget a requirement to deliver big shopper marketing results? At Theory House, we don't think so. In the next few pages we'll dispel that myth and arm your slingshot with powerful marketing ammo.

KEY NO. 1



INSIGHTS ARE PRICELESS. BUT THEY DON'T HAVE TO BE PRICEY.

Insights are the most important starting point for any shopper marketing program. Whether they are category, competitive, retailer or shopper, insights are the essential ingredient to relevance and success. While some brands have dedicated research budgets, our agency's experience working with middle tier marketers is that investing in research usually means not investing in something else.

The good news is that insights don't have to be pricey. There are more resources for insights at your disposal than ever before. To develop effective insights, begin with a clear understanding of your needs. Before you invest any money into research, clearly articulate what you are trying to learn. Then examine the resources you already have.

Those binders gathering dust on your bookcase may be gold mines of information. Scour the web for free articles and reports relevant to your needs. Also ask your vendors and partners for research they may have access to. The Path to Purchase offers a treasure trove of valuable information on brands and retailers on its web site.

Don't forget the all-important discipline of getting out in stores. Even without recruiting specific shoppers, simply observing shoppers in the store can provide insights into shopping behavior and decision-making criteria. If you still have information gaps after you've exhausted the resources you have on hand, seek to fill them a cost effective manner by using resources specific to your needs.



Looking for insights into how consumers are talking about a category or brand? Social media monitoring resources such as Raven Tools, Sprout Social and Hootsuite can be a free or inexpensive way to gain this understanding. You can monitor social networks for important searches and conversations, post to any or all networks, and monitor everything on a single, customizable dashboard.

For more specific category insights, there are also a lot of cost effective methods available today. Our agency recently sought to identify any significant differences between ice cream and gelato consumers for a new client. Because our client didn't have a budget to conduct research, we engaged a company called Field Agent. They're part of a new breed of web or app-based research company who enlists an army of smartphone-enabled "agents" around the country to do anything—from answering questions about a category to visiting stores to taking pictures of shelf sets.



For about \$750 we were able to set up a research screener, recruit candidates and field questions that illuminated some key differences. Some of the interesting nuggets from this study included:

1. *There tends not to be much crossover between ice cream and gelato consumers - you favor one or the other.*
2. *Both consumers point to texture as the main reason why they pick one over the other.*
3. *Compared to a year ago, the gelato consumer base is growing.*
4. *Gelato consumers are more adventurous, indicating a preference to purchase new and unique flavors.*

KEY TAKEAWAYS:

A limited budget does not equal limited insights. In fact, a limited budget should compel you to be all the more focused on gaining insights. Start with a clear understanding of what you want to learn, be resourceful with the information you have and then leverage new methodologies to fill your information gaps.

KEY NO. 2



IF YOU CAN'T BE FIRST, BE DIFFERENT.

In marketing today, it does not pay to be a parrot—imitating without understanding. And while imitation might be the highest form of flattery, looking and sounding like your competitors won't win you new customers. By properly mining insights you'll discover what consumers need, what they are already hearing and how to cut through the marketplace noise to communicate the unique brand that you are.

The reality is that most brands are not going to be first to market. Faced with this reality, strive to deliver a unique benefit to the market. We're not suggesting being different for difference's sake. Instead invest the time and budget to launch your product with a one-of-a-kind voice.

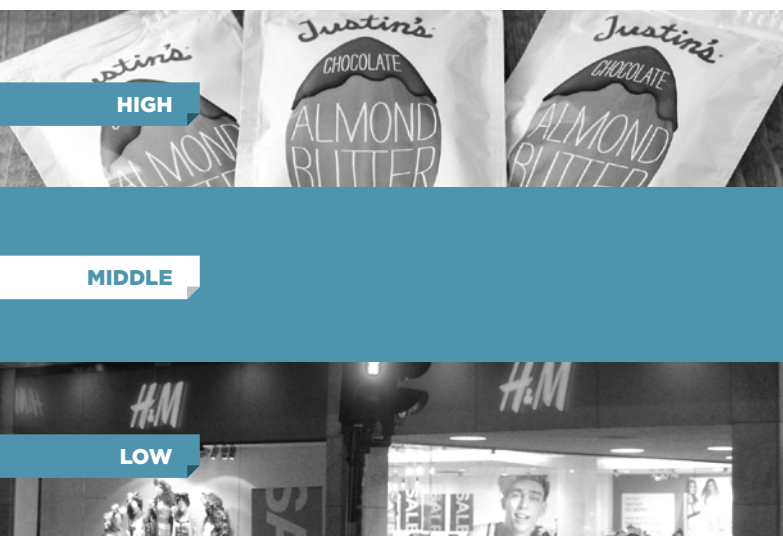
WE KNOW. EASIER SAID THAN DONE. SO HOW CAN YOU DO THIS?

Have the courage to embrace a very narrow audience. Instead of trying to appeal to the masses, focus on a core group of users—think spotlight, not floodlight. This allows you to be more efficient with your marketing spending and develop a genuine and robust engagement.

Have you ever heard of Pickle Juice Sport? Probably not—unless you are an elite athlete. It turns out that pickle juice is excellent for quickly eliminating cramps in athletes. When the brand originally launched it had a big marketing push featuring Dallas Cowboys star Jason Whitten. But their message was lost in the sea of market giants like Gatorade and Powerade.

Pickle Juice Sport soon realized that a more targeted approach was in order. It began to partner with sporting events like triathlons, narrowing its audience to elite athletes and sports enthusiasts. And this laser focus worked! Sales doubled from 2009 to 2010.

Another way to be different is to identify a missing layer in a category. Most categories tend to have three layers: a high end, a middle end and a low end. If one of these layers is missing, there is greater likelihood of success for a new brand within that available layer. Interestingly, we have observed that it is seldom the middle layer that is missing, and yet that is the void most new brands try to fill.



Missing layers are more typically found at the top or at the bottom. Consider for example how H&M has exploited a missing layer at the value end of the fashion clothing space. In peanut butter, Justin's exploited a missing layer at the high end. And in electric cars, Tesla is trying to exploit a missing layer at the high end.

What do you do if there is not a missing layer? Create a new category.

At Theory House, we did just this for one of our clients, GUNK. The brand is known for powerful automotive engine cleaning and degreasing, but wanted to expand into the exterior cleaning space. The challenge we faced was that the category was filled with dominant players—well known brands like Armor All, Turtle Wax and Maguire's.

Category analysis and retail audits revealed that while it is a competitive category, all of the current brands were focusing on the same thing—the care and cleaning of shiny sports cars. Almost every package on shelf features a shiny sports car front and center. So GUNK decided to take a different approach. It decided to put its equity of toughness to work and reformulated to focus on trucks.

Why trucks? Pickups have been the number one selling vehicle in the past 28 years and in 2012, three out of the top ten vehicles sold in America were trucks. Even better, as we did store walks, we observed that most of the automotive retailers had pick up trucks in their parking lots. Not only was this a new category, but it was a category that already had a lot of potential customers.

KEY TAKEAWAYS:

We all have heard the statistic that the majority of new products launched each year fail. The harsh reality in today's marketplace is that shoppers don't want imitators. In a category of parrots, they shop primarily on price. Retailers don't want imitators either, especially as they are becoming more sophisticated with their private brands.

Have a compelling point of differentiation. Give a reason for retailers and shoppers to consider you. Narrow your audience. Exploit missing layers. Look for opportunities to create new categories.

KEY NO. 3



WIN BEFORE THE SHELF.

With a smaller budget, getting shoppers attention before they even start shopping is imperative. Yes, this may sound like shopper marketing heresy, but when your budget is limited, the best place to make your investment may be outside of the store. Your chances of winning against category-leading brands diminishes as the shopper gets closer to the shelf. Goliath will almost always win on familiarity.

So what can you do? Create a relationship and a dialogue with shoppers before they ever enter the store. Here are a few ways we can enable this.

Most people have heard of Airborne. The story goes that this immune support brand was invented by Victoria Knight-McDowell, a teacher in Carmel, CA to combat the germs she faced from a roomful of snotty children. She brewed batches and sold them to local drug stores in the area. Her big break came in the late 1990s when Trader Joe's ordered 300 cases. Today you can find it in thousands of stores across the country and the brand has become synonymous with combating germs during air travel. Whether you believe in the product or not, it's hard to debate its success.

One of the keys to Airborne's early success was product sampling. It can be one of the most effective means of gaining traction for new brands. While it can be expensive, it offers the highest likelihood of trial which is critically important for new brands. How did Airborne do it? First of all they were very targeted with their audience to control costs.

They knew that their core target audience were folks who find themselves trapped in confined spaces with the potential for lots of germ exchange—frequent air travelers.

To reach frequent flyers, Airborne obtained security clearance at Chicago's O'Hare and Denver International airports where they distributed almost a million product samples. They zeroed in on their core consumer (in this case frequent flyers) at the exact right moment (as they were about to board a plane).

That's a fairly traditional execution of sampling. But today's marketplace offers up a whole new array of sampling opportunities. Let's say you're a health and beauty product. What better place to encourage trial for shoppers than in their bathrooms.



Now thanks to discovery commerce platforms like Birchbox and MyGlam, there's a whole new channel of opportunities to get influential consumers to try your health and beauty product right in their homes. And if you're brand plays in the natural foods space, there are options like NatureBox. Yes, there's even BarkBox for pets.

Several of our agency Housemates get Birchbox deliveries each month. Inside we usually find a new fragrance or two, some facial cleansers or hair care product and often an unexpected item (one month we received a grilling apron). Inevitably, the boxes end up sitting on our bathroom counters. It's the perfect place and moment for these new brands trying to induce trial. We can tell you from personal experience, this method works. Many of us have gone on to purchase products that we initially tried as part of our boxes.



I'm sure most of you have heard about a little company approaching \$1 billion in annual revenue after only seven years in business. I'm speaking of Chobani Greek Yogurt. Their sales office is headquartered out of Charlotte where our agency is located and we have supported their efforts at retail. This brand owes a lot of its success to its pioneering efforts in social media. Chobani didn't simply focus on social media when they got big. Instead they got big because they focused on social media.

Obviously there is more to their success than their social efforts, but they recognized that large established yogurt players in the market weren't having a very robust dialogue with their shoppers. So Chobani made a serious commitment to social at an early age. Their first television spot actually featured real Chobani shoppers whose stories were captured through social media, including one guy who was so dedicated to the brand that he traveled 80 miles on his bicycle to see the factory.

Today Chobani has earned the top spot for brand engagement among yogurt companies according to market research firm SymphonyIRI Group, and boasts nearly 600,000 Facebook fans. (By comparison, food giants Nestlé and Green Giant have 570,000 and 400,000, respectively.)

KEY TAKEAWAYS:

The first is the importance of trial. There are entire new industries sprouting up to support sampling – so pick the one that makes most sense for your brand. And secondly take advantage of the amplifying effects of social media and capture a stronger share of voice than your brand may theoretically deserve.



KEY NO. 4



PACKAGING TALKS.

Your packaging may be the only in-store weapon you have in your arsenal. It's what attracts shoppers at shelf and it has to work harder for you than anything else. Shape, color, emotional intrigue—all of these things can distinguish your product from competitors at shelf.

As you begin to make decisions on your packaging, remember to reflect on the insights we referenced earlier. Continue to use insights to drive your decisions.



So let's explore how packaging has delivered breakthroughs for some brands.

Did you know that in just four years (from 2005 to 2008), there were 956 energy drink brands launched in America. That translates to a new brand almost every day! Red Bull was first and became the market leader. They came to market and essentially created a whole new category – and they did it in part by introducing a novel 8 oz. can when everyone else was on shelf with 12 oz cans.

Who wound up in second place?

Monster—the first energy-drink brand in large-size cans. They realized Millennial shoppers liked to really pound drinks and they designed a packaging to stand out and deliver that. Together Red Bull and Monster have 78% of the energy-drink market.

And there's one more entry into this category worth noting. We're talking about 5-hour energy—again using packaging as a clear differentiator. It's designed to easily tuck in a drawer or glove box without requiring refrigeration. Its 2oz. bottle is attractive for busy executives and truck drivers who don't want to hit the bathroom every 30 minutes. This packaging pivot also let the product be merchandized right at the register—increasing the likelihood of unplanned purchases.

Beyond the physical appearance of the packaging, how else can your packaging work harder? Let's look at a very popular category: pasta sauce. There is somewhat a sea of sameness going on here. Most packaging pays homage to the Italian flag—lots of reds and greens.

Then along comes Via Roma, a retail-owned brand that was introduced back in 2008 by A&P. Via Roma spans more than 150 products. Even though this is a “private brand” it has been widely recognized as breaking through the clutter on shelf—in large part through its award-winning design.

A&P shoppers craved authentic Italian products but didn't want to have to pay a premium for them. Each package carries a modern black-and-white photograph commissioned by the grocer's design team portraying a real, older-generation Italian—all taken in a small village in the Tuscany region of Italy.



KEY TAKEAWAYS:

Consider form, color and emotional triggers to break free from the clutter on shelf. Also consider investing in talented designers and art directors to bring fresh, compelling work to the table.

CONCLUSION:

David had his slingshot. Rocky had his right hook. If your budget is small, determination, ingenuity and creativity are your best weapons against the industry heavyweights. At Theory House we are constantly developing ways to optimize marketing budgets. We're in the business of turning underdogs into top dogs. To learn more about Theory House and our retail activation expertise, call 704.665.0714 or email hello@theoryhouse.com.

This content in this paper was first presented by Jim Cusson and Jared Meisel at the Path to Purchase Institute's 2013 Shopper Marketing Expo.



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