

The Importance of differentiation, relevance and investment in FMCG brands

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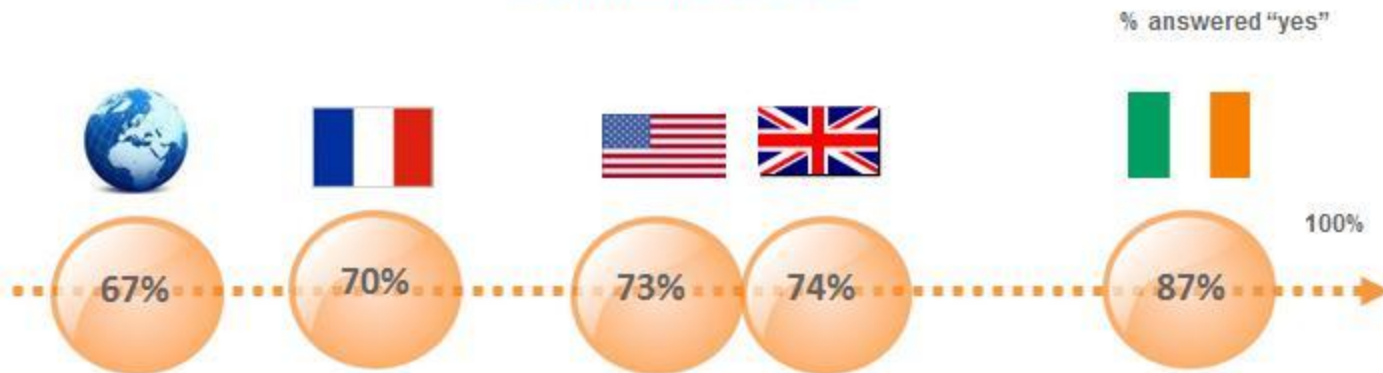
Who is Nielsen BASES?



Recession - Changed Spending Habits

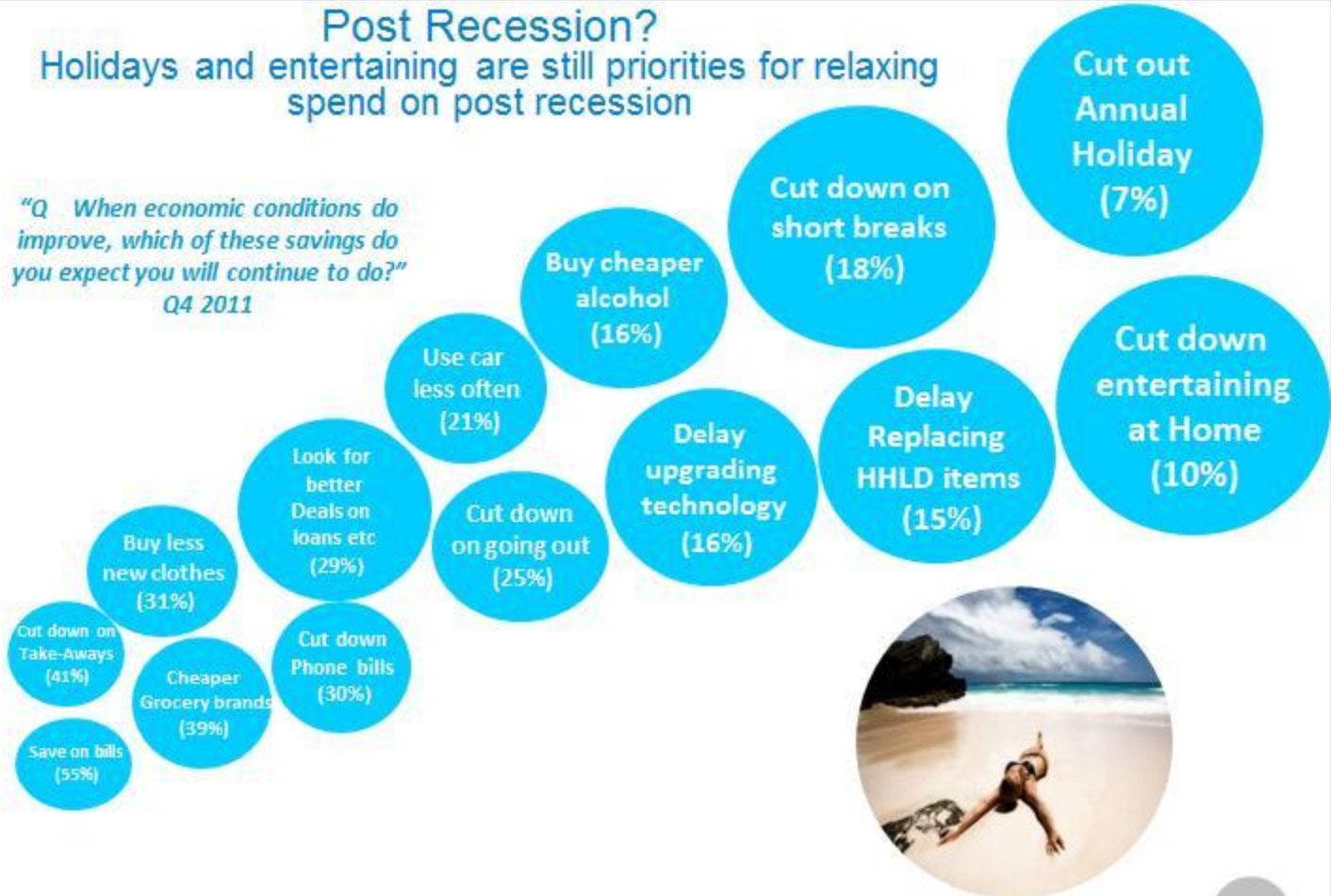
87% of Irish consumers say they have changed spending habits in order to save on household expenses, (+2pts on Q3) and higher vs. EU Avg (64).

"Q Compared to this time last year, have you changed your spending to save on household expenses?"



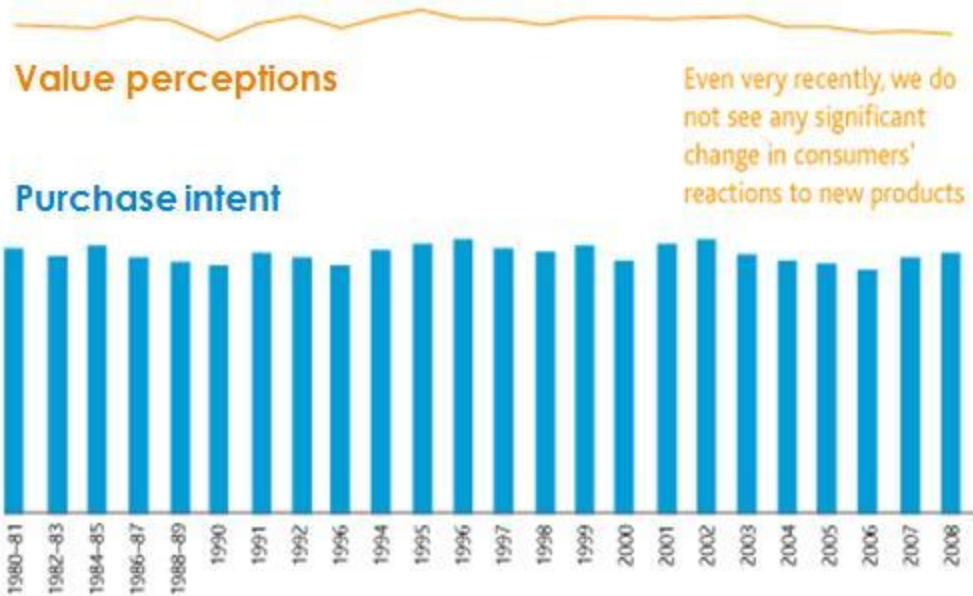
Post Recession? Holidays and entertaining are still priorities for relaxing spend on post recession

"Q When economic conditions do improve, which of these savings do you expect you will continue to do?"
Q4 2011



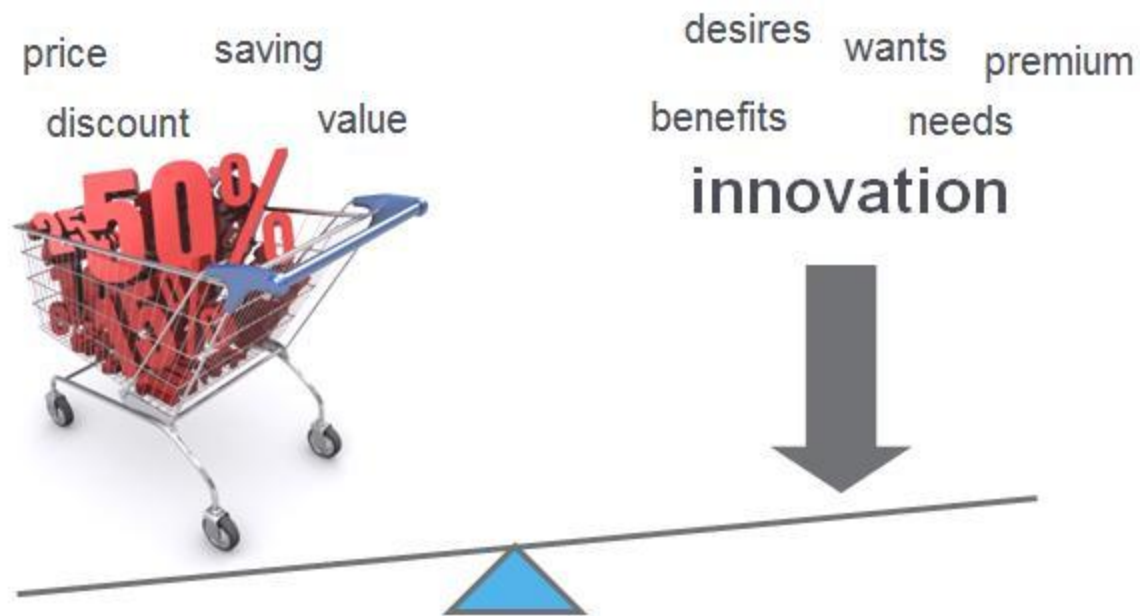
Indeed, consumer desire for new products and benefits remains the same... despite the recession

Median Scores for Consumer Products in the U.S. from 1980–2008



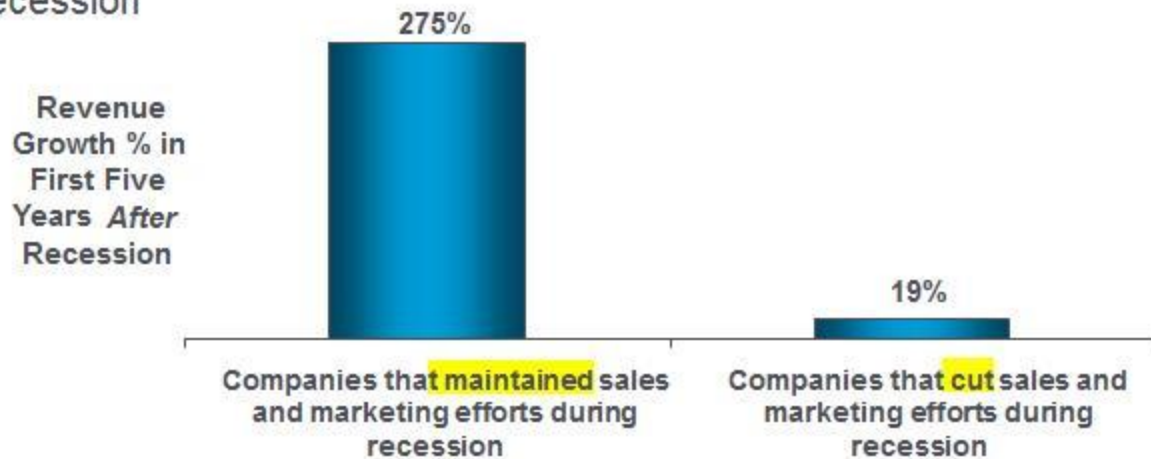
Source: Nielsen BASES

The role of innovation is to rebalance the conversation from price towards benefits, and encourage consumers to spend more on YOUR brand...despite the recession



Investing during a recession helps you *emerge* from the recession in a stronger position

- During the early 1980's recession, companies that maintained aggressive sales and marketing efforts during the recession enjoyed more growth *after* the recession



Source: McGraw-Hill Research

Tips to maximise your investment in a recession

**Grow
Value**

**Create
quality
awareness**

**Bet
wisely**

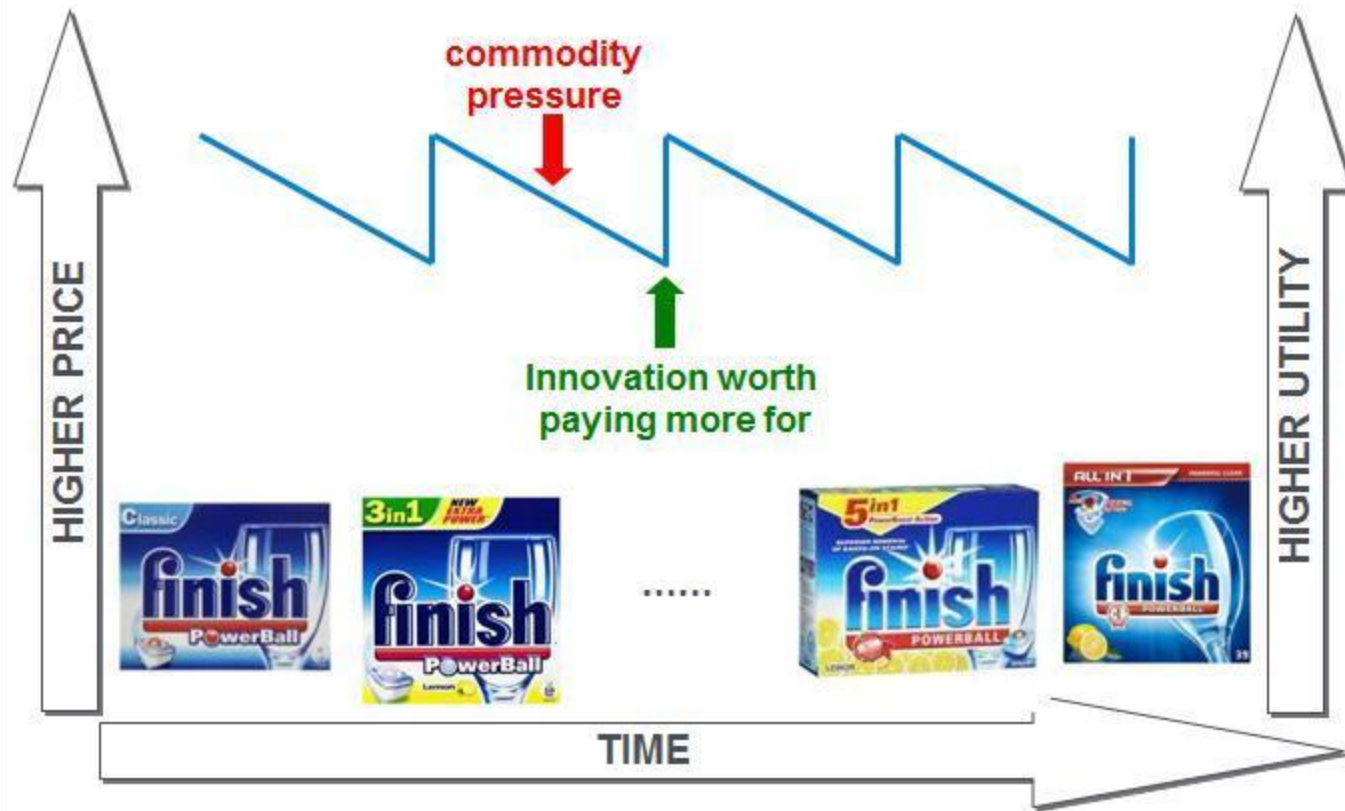
**Make your
product
count**



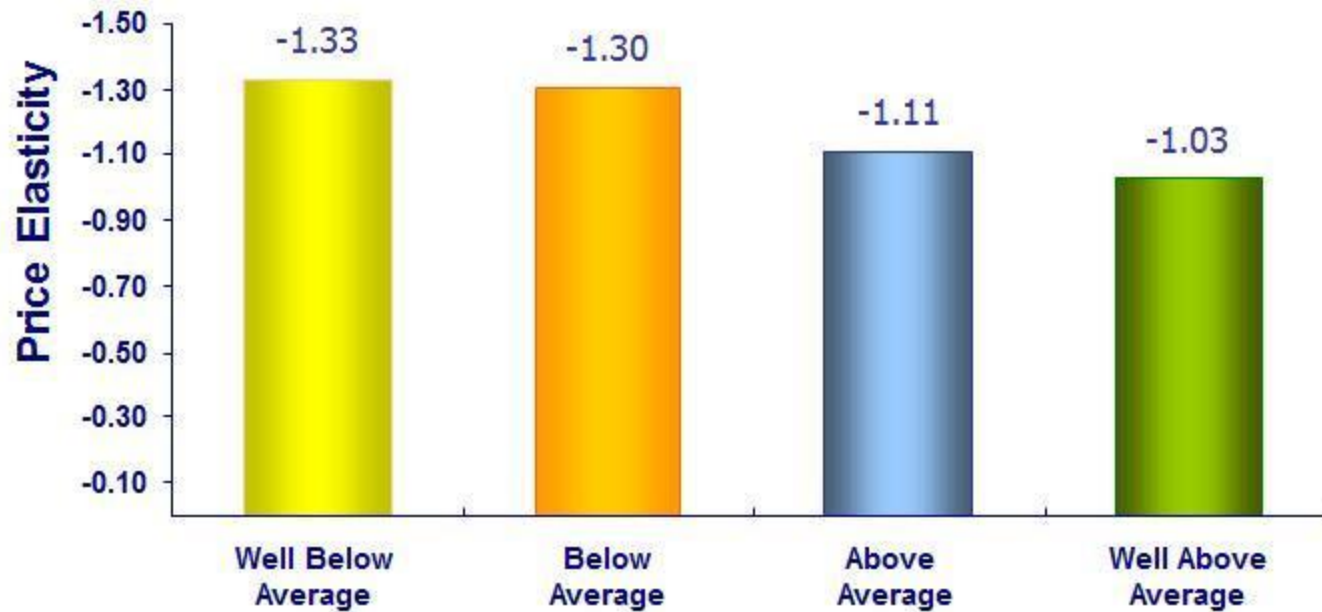
With continued downward pressure on prices and the growth of value brands, the role of innovation in 2012 should be to drive value.

What are the key levers?

Innovation drives Value



Unique Innovation drives Value



Consumer Uniqueness Perceptions from BASES studies

There are two aspects to uniqueness – try to be good at both and at least one



Distinct proposition
Offer true innovation



Attention catching
Get noticed

Example : Sure Maximum Protection ~2x premium



Attention catching

Get noticed

Premium secondary packaging



Distinct proposition

Offer true innovation

New soft cream format



provides twice the protection against sweat

Relevant claim and strong product performance



**Create
quality
awareness**

**Efficiency is critical to growth, especially in a recession –
make it count**

The two things that really matter for growth



Mental Availability
of your brand

Awareness
Quantity

Awareness
Quality



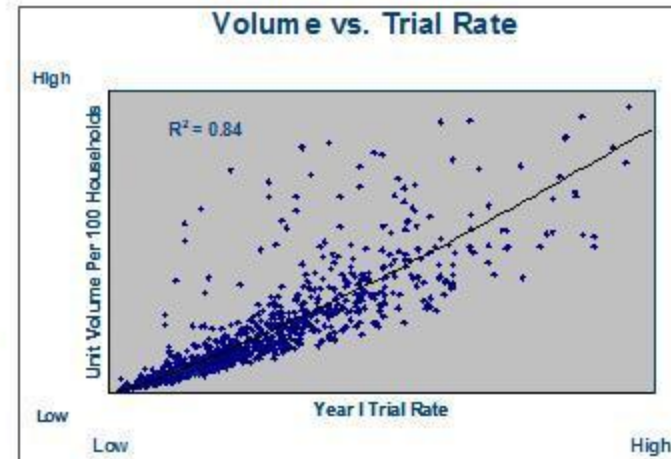
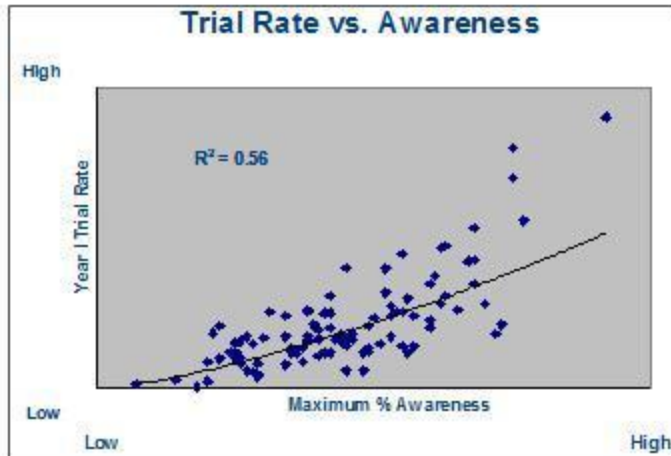
Physical Availability
of your brand

Distribution
Quantity

Distribution
Quality



Awareness drives trial, trial drives volume

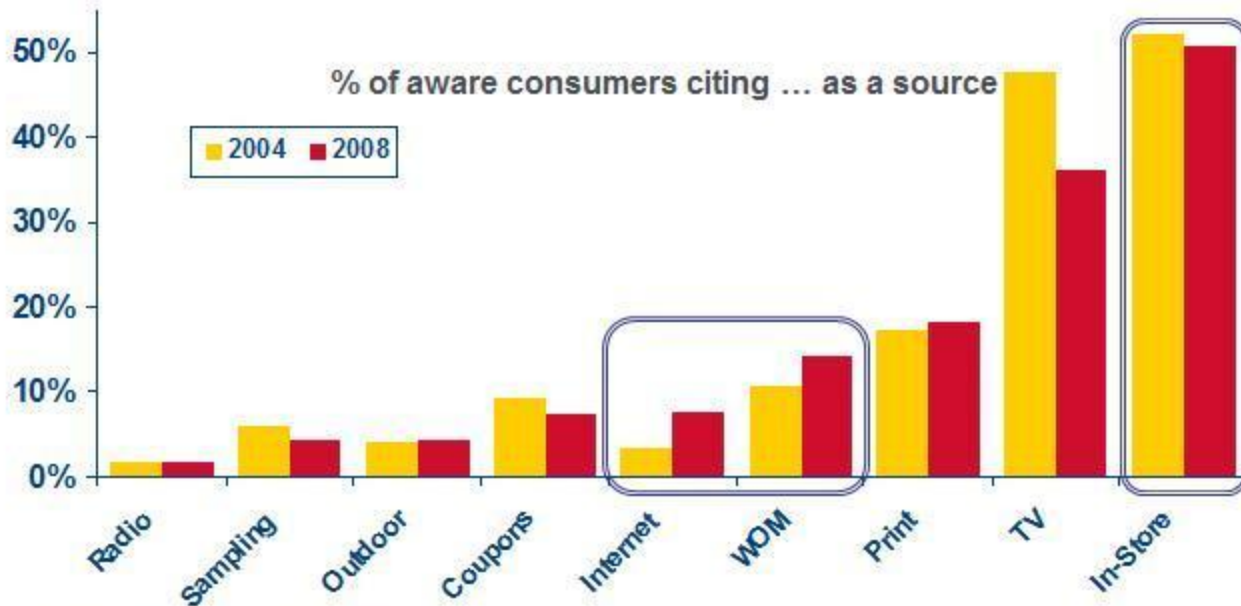


... but what is driving awareness these days?



As media becomes more cluttered, *non TV* is becoming more important – especially WOM and internet

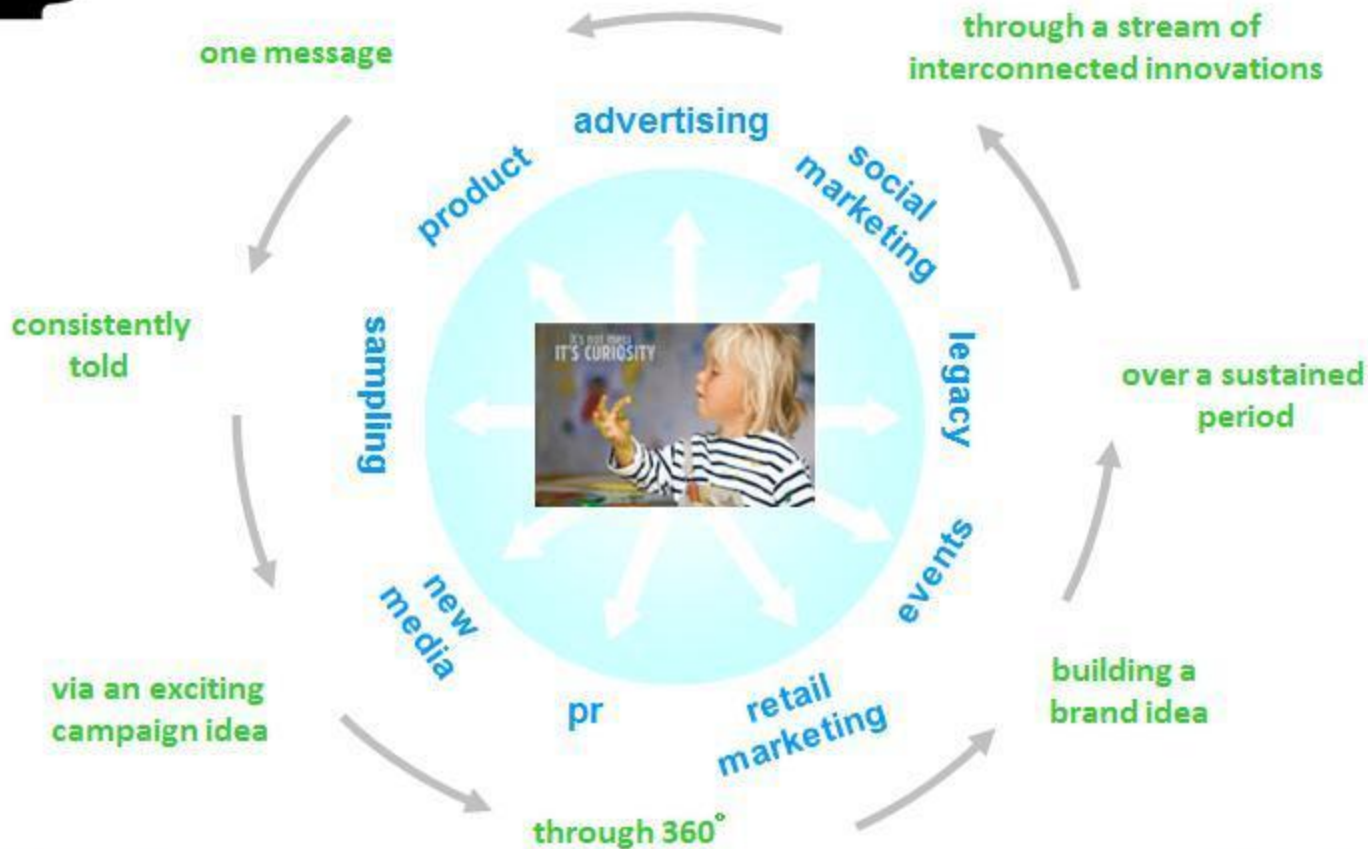
- In-store represents the greatest source of consumer awareness



*keep in mind that this is not an efficiency metric.

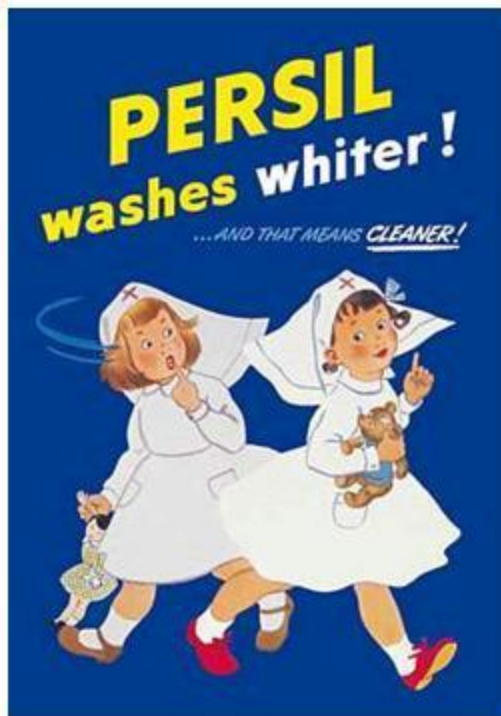


As media becomes more cluttered, message *consolidation* is important





A big brand idea helps drive media efficiency...




✧ Every child has the right to play
✧ Every child has the right to explore
✧ Every child has the right to use their imagination
✧ Every child has the right to join in
✧ Every child has the right to discover the world
✧ Which is why every child has the right to get dirty
✧ Because learning and growing is impossible without doing so
✧ Every child has the right to be a child

Persil
dirt is good

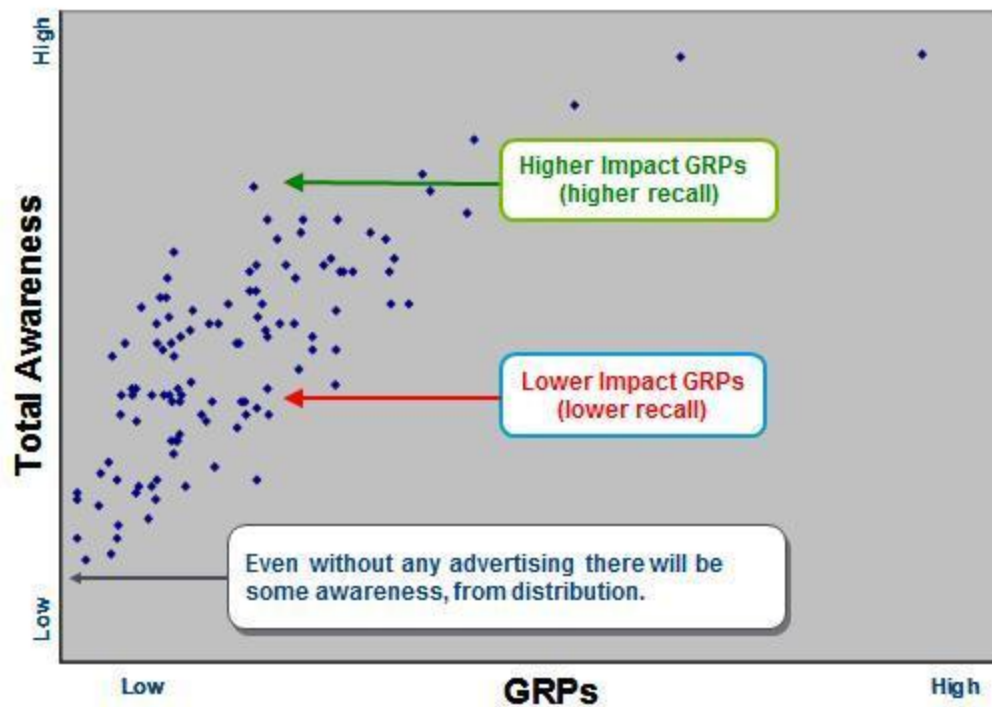
30 August. Join the annual celebration of children's right to play!

At Persil, we believe every child has the right to play, that's why we are proudly supporting Playday 2011. Find out more at www.persil.com

play day 

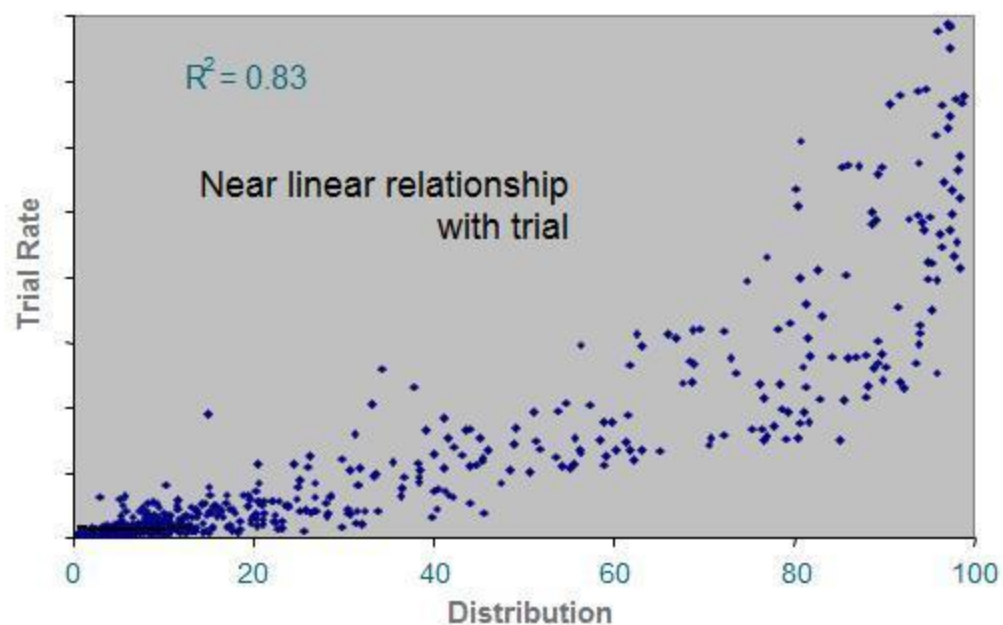


... and *Quality* is as important as *Quantity*





Distribution has a strong impact on volume, mostly because people cannot buy what they cannot find...



Source: BASES New Product Validation Database



Quality of distribution is important

- Remember, **In-store** represents the greatest source of consumer awareness

Store Location

Secure a store location that is intuitive to consumers

Shelf Location

Place product at eye level, which is “prime real estate”

Package Visibility

Create winning packaging that catches consumers’ attention

Facings

Shelf space drives variety availability and draws attention to the new items

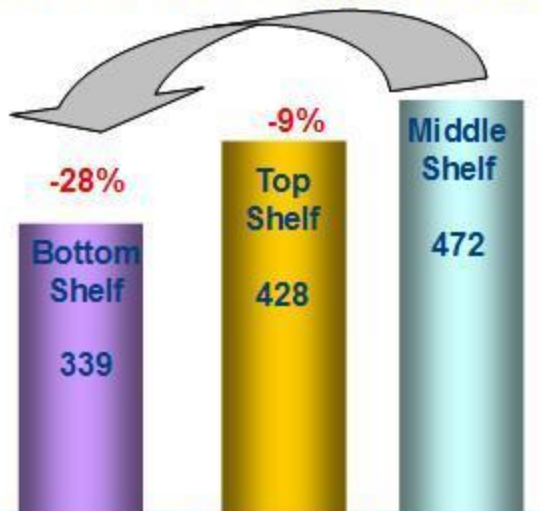


Shelf location can impact volume by as much as 30%

Shelf Location

Place product at eye level, which is “prime real estate”

Impact of Shelf Placement - Household Product



Source: ACNielsen Retail Measurement

Year 1 Sales (M Units)

Make your pack count





**Bet
wisely**

In the context of continued economic uncertainty and margin pressure, it is even more critical to manage the investment risk associated with innovation

Place your bets wisely

“You don’t make money by placing small bets on every horse in the race. So try choosing the horses with the best legs, and place larger bets on those. If you can’t support your new products for two years...why not cut your number of initiatives in half and support the ones that remain for twice as long?”

Joe Willke, Former President of BASES



Nielsen BASES Factors for Success™

12 touch points that directly impact
your chance of **success**





Results in the context of success

WHAT OUR CLIENTS HAVE ALWAYS ASKED FOR:
“COMPARE TO SUCCESSFUL LAUNCHES”

Success is based on each Success Factor's performance against the threshold for success...

Outstanding	Provides a significant advantage over other successful products. <i>Not a specific probability.</i>
Ready	Meets success criteria; just fine for overall initiative success. <i>Twice as likely to succeed:</i> $\mathbb{P}(\text{success}) > .67$
Risky	Approaching acceptable levels, but not ready
Failure	A significant barrier to overall initiative success <i>Twice as likely to fail than succeed:</i> $\mathbb{P}(\text{success}) < .33$

Readiness Thresholds vary by Factor

All factors are **equally important**.

- Some factors have a higher threshold of risky/failure, meaning they more frequently encounter challenges on average.

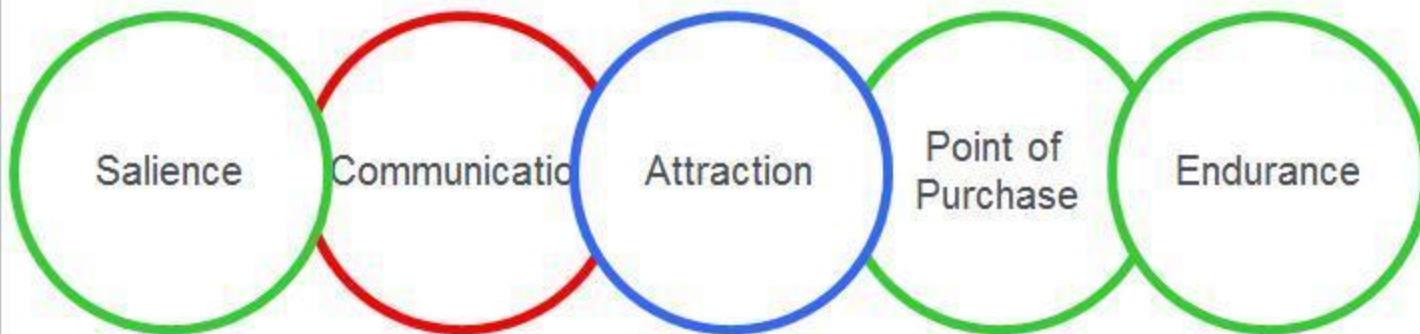
12 Factors for Success



Rank in BASES Key Measure Database

You are only as strong as your weakest link

- Overall success is heavily driven by the “weakest link”
 - In-market success is *not* about doing one thing really, really well
 - Rather, it is about doing everything you need to do well



Example – premium products are often more complicated to explain



TVC creates broad awareness quickly and is able to communicate complex messages in an engaging manner


Outdoor is good at creating awareness but not good at communicating a more complex message and at persuading consumers especially if the benefit is new to the category



**Make your
product
count**

In use product experience is critical. The cost is all in generating trial – the return is in repeat.

Consumers are demanding of performance...

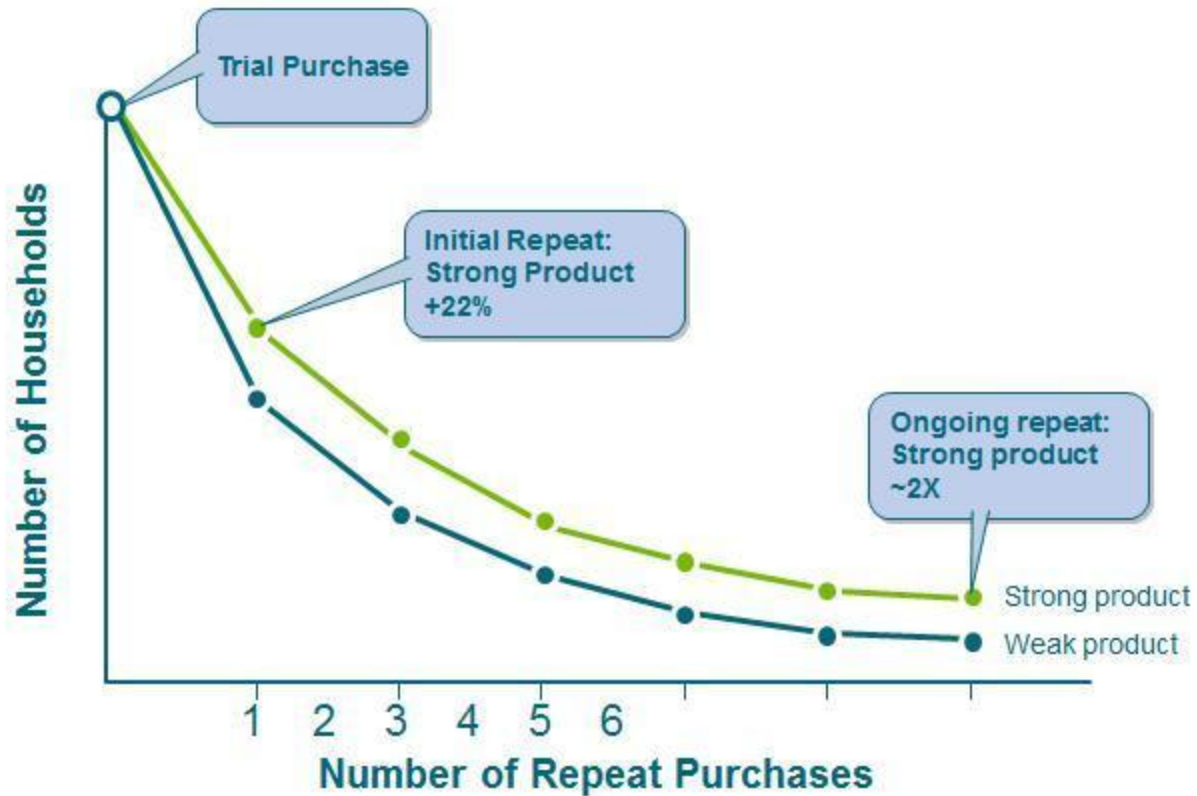
Product in use performance needs to be strong to succeed 

12 Factors for Success



Rank in BASES Key Measure Database

...and this has a big impact on long-term sales



Example: Cutting Corners on product delivery*

- 1970's recession; Cost of cocoa up
- Chocolate manufacturers were faced with a tough decision
 - A. Reduce amount of chocolate and maintain retail price
 - B. Keep amount of chocolate the same and raise the retail price

KitKat selected Option A and suffered a share loss



KitKat Chunky launched in the UK 1999 and was one of the biggest successes of the year largely thanks to being a **high quality product**

* A Marketing Guide: What to do in a recession, Ehrenberg-Bass Institute, Professor David Corkindale

Closing Thoughts



Grow
Value

Create
quality
awareness

Bet
wisely

Make your
product
count



Thank You



BASES

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The Importance of differentiation, relevance and investment in FMCG brands

Key Take Aways

Grow Value



A key role of innovation in an economic downturn is to drive value – and uniqueness drives value so strive to improve this in simple “catching attention” ways as well as “benefit driven” distinctiveness

Create quality awareness



Mental Availability of your brand

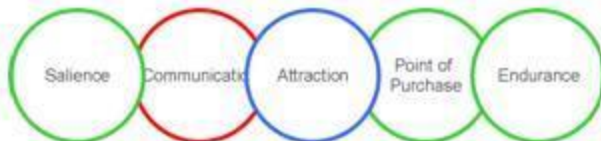


Physical Availability of your brand

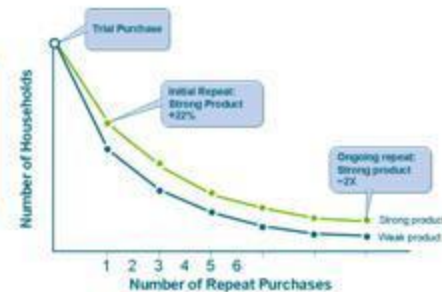
Maximise spend efficiency through quality of awareness and distribution. A strong brand idea can lead to more memorable and efficient communication and an attention getting pack will drive shelf based awareness

Bet wisely

Rather bet on fewer things and do them well. Success is not about having a single strength but rather about the “weakest link”. Ensure execution makes you good enough at every part of consumer adoption.



Make your product count



Trial is expensive to get but repeat purchase is free. Product performance is critical to ongoing success and makes a big difference to volume. Do not be tempted to compromise quality.