MASTERING MOMENTUM

Grow your brand over the short and long term

SHORT TERM OR LONG TERM?

Grow your brand over the short and long term

Every experienced marketer recognises the problem: they know that brands grow over the long term but all too often their efforts are diverted into delivering the next quarter's budget.

Our 2018 study 'Getting Media Right' finds that only 52% of global advertisers are confident their organisation has the right balance between short-term performance marketing and long-term brand building.

And it is not just that day-to-day business demands attention, so too does the data. Whether it is sales, searches or clicks, the readily available data focuses attention on what is happening here and now.

So, what to do? Struggle on, feeling that the real growth opportunity lies just out of sight or give in and focus on the quick wins? Or maybe there is another way to reconcile this dilemma?

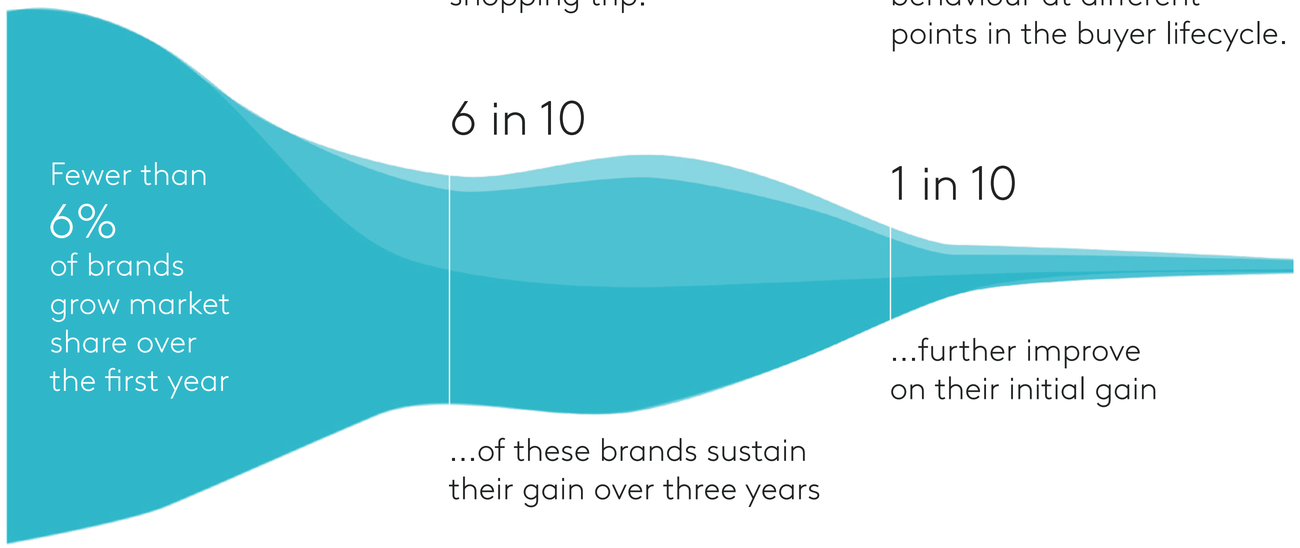
Despite the apparent dichotomy between short and long term, their definitions are far from clear. It is not as though we can easily segregate short-term activities from long-term. A 'short-term' price discount might have a long-term effect if it gets someone to buy for the first time, thus increasing the probability that they will buy again.

Equally an ad campaign designed to build positive brand attitudes over the 'long term' might remind an existing user to buy the brand on their next shopping trip.

What we can say with confidence is that sustained, long-term growth is rare. Our BrandZ™ global brand equity database reveals that even when an increase in market share is sustained over a year, the odds are stacked against improving on that increase.

Of the brands measured across both a one-year and three-year time frame, fewer than 6% of brands grew market share over the first year, but only 6 in 10 of those had sustained that gain over three years, and fewer than 1 in 10 further improved on their initial gain.

Our analysis finds that the key to sustainable growth lies in balancing investment across marketing activities designed to influence behaviour at different points in the buyer lifecycle.



Sustained, long-term growth is rare

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To help all marketers improve their chances of achieving sustainable market share growth, this report offers a simple framework for understanding brand growth, and makes five recommendations on how best to build sales now and into the future.

Our findings are based on the analysis of 3,907 brands in our BrandZ™ database measured over a three-year period across 21 countries and 58 product categories.

Building sales momentum

In science, momentum is a function of mass and velocity. With brands, greater mass (market share) brings huge advantages, not the least of which is greater physical availability. But mass on its own does not guarantee future growth.

Growth comes from improving velocity, the speed at which the brand builds sales relative to its size and to its competition.

All marketing activities need to work now, but not all of them drive sales at the same rate or over the same time frame. For instance, our market mix modeling finds that on average, digital display and search marketing tend to have a very quick sales impact but that their influence does not last. TV and digital video have longer lasting effects but still decay over the course of several weeks.

Unless you have the budget to spend continuously, growth will be hard to come by if you rely only on short-term incremental effects.

The key to building sales now and into the future is to turn incremental effects into lasting ones.

1

BALANCE YOUR INVESTMENT

To master momentum, balance your investment across three key activities

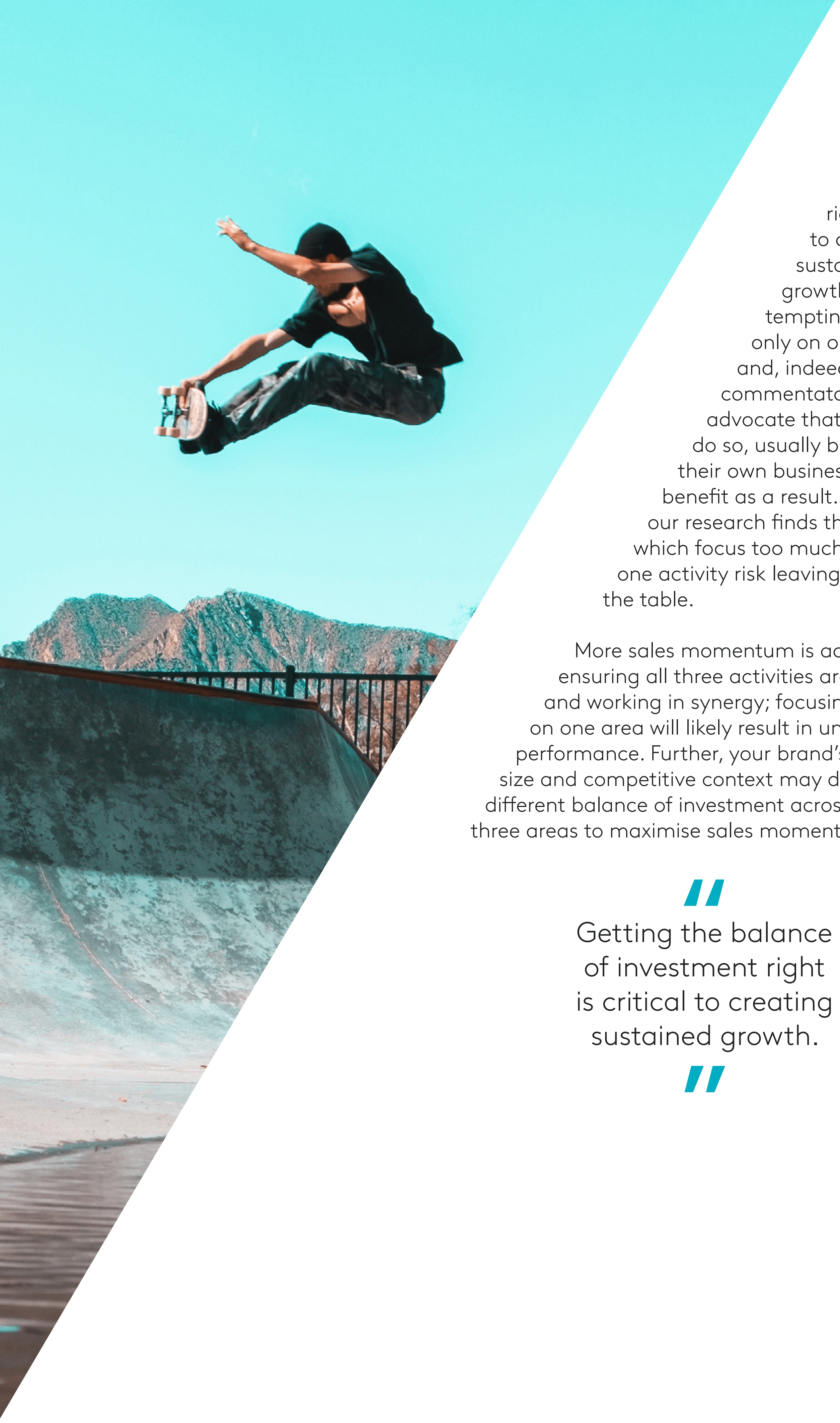
Many in business think of "brand" in very limited terms: a logo, advertising, PR and social media posts. But no one buys a brand because of its logo. They buy it because of what that logo stands for. A brand is defined by the intuitive feelings, memories and experiences that people associate with it and some of those defining associations may be decades in the making.

Everything you do builds your brand, but it is how people interpret what you do and how they remember it, that really matters – and their interactions with your brand extend far wider than the "first moment of truth."

At Kantar we identify three broad areas of marketing activity that are key to driving sales now and for the future:

- Experience
- Exposure
- Activation

Each one is important, and each contributes to brand growth in a different way and over a different time frame.

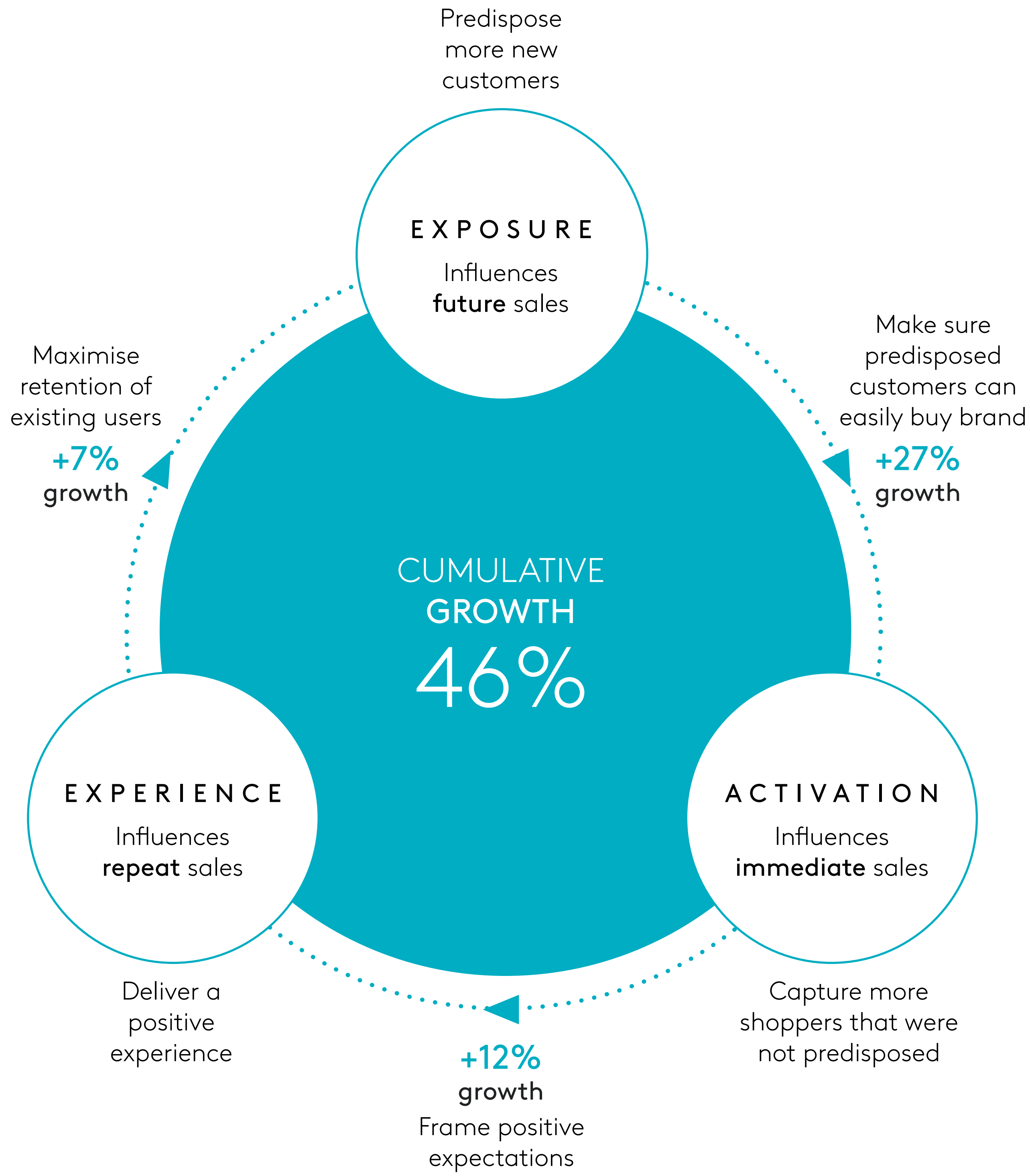


Getting the balance of investment right is critical to creating sustained growth. It is very tempting to focus only on one activity, and, indeed, many commentators will advocate that marketers do so, usually because their own business would benefit as a result. However, our research finds that brands which focus too much on only one activity risk leaving money on the table.

More sales momentum is achieved by ensuring all three activities are optimised and working in synergy; focusing only on one area will likely result in under-performance. Further, your brand's category, size and competitive context may dictate a different balance of investment across these three areas to maximise sales momentum.

> "Getting the balance of investment right is critical to creating sustained growth."

Applying market pressure across three points in the buyer cycle builds sales momentum now and for the future. Starting with experience, strong performance at each stage adds up to an overall increase of 46% across three years.



Source: 3,907 brands measured in BrandZ™ over a three-year period, progressively filtered down to 146 brands that exceed expected performance on all three points of the buyer cycle.

2

EXPERIENCE: DELIGHT YOUR EXISTING USERS

Deliver the brand experience that will delight your existing users: they are the foundation on which your growth is built

We start with experience because this is the ultimate test of your brand, the point at which all the promises and expectations meet the reality of what the brand really can deliver to its customers.

Thanks to The Ehrenberg Bass Institute, the accepted wisdom is that you need to acquire new users and loyalty will follow. While this is generally true – although some brands make huge profits by not following the general pattern – you cannot easily build penetration if existing users do not buy again. Growth comes when you increase retention and increase acquisition at the same time. And the key to increasing retention is happy customers.

If users have positive attitudes toward a brand (are predisposed to buy it again) then they are more likely to stick with it. Across the 3,907 brands measured in BrandZ™ over three years, those which have more users predisposed to buy than expected, grow market share by an average of 7% across the next three years (those with a deficit decline by 9%). While this increase may seem small, it is ten times the average observed across all brands.

Further, it is important to remember that these people are already buying or using your brand, and, as such, offer the easiest way to improve future sales by encouraging them to buy again. All brands will lose some existing customers, but if a brand is not creating an excess of predisposed buyers then the resulting defections must be matched by more costly acquisitions, undermining margins.

> "Brands which have more users predisposed to buy than expected, grow market share by an average of 7%."

It may be tempting for marketers – particularly in innovation-led or customer service-led business – to write off delivering a great experience as "not my job", but marketing has a big role to play in framing how people experience the brand. It starts with a clearly articulated and understood brand promise that defines what the brand has to offer.

New customers will judge their own experience in the light of the expectations created by marketing, so it is important to mind the gap and ensure that the brand experience is aligned with the brand promise.

Companies that deliver what they promise are three times more likely to be recommended by their customers, and twice as likely to have customers with stated loyalty.

This means ensuring employees are empowered to provide proactive, responsive and empathetic service, that people find it easy and convenient to do business with the company, and that products live up to their claims.

Compelling marketing combined with exceptional experience helps reinforce brand choice and generate loyalty, advocacy and greater customer lifetime value.

CASE STUDY

Premier Inn, the budget UK hotel chain, managed to grow incremental revenue by **nearly £600 million** in a highly price competitive category by creating meaningful differentiation and launching an ad campaign designed to predispose people to choose the brand.

Once the basic brand promise was established, the brand then increased salience around specific accommodation needs. Next, the brand turned to service, using consumer insight to identify moments of truth that would most impact satisfaction, return visits and revenues.

3

EXPOSURE: REACH OUT TO FUTURE BUYERS

Grow your brand exposure to reach out to future buyers and establish your meaningful difference now

To grow, brands must continually acquire more new users than they lose existing ones. An important driver of growth is to seed positive ideas about a brand before people even start thinking about making a purchase.

This might sound wishful thinking in the age of marketing in the moment but remember, bigger brands grow by gaining more than their fair share of category entrants and fulfilling a greater share of needs and occasions – not just by switching buyers from competitive brands.

Our research finds that if people are predisposed to buy a brand – in other words, their brand associations incline them to choose it – they will be more likely to buy than if they come to the brand cold.

Brands grow when they reach out beyond the existing bubble of users:

- For a small brand, this might mean targeting people currently buying competitive brands
- For a big brand, it might mean reaching out beyond existing category buyers

Across the 3,907 brands measured in BrandZ™, the ones that start with predisposed customers and grow the proportion of predisposed users more than expected, grow far faster than average. These brands reach a cumulative three-year increase of 34% (combining 7% growth through retention of existing users and 27% growth through an increased proportion of predisposed users).

Brands drive predisposition by increasing positive attitudes related to meaning, difference and salience in a way appropriate to the brand and its category. Typically, this means identifying a difference about the brand that has the potential to be meaningful to a wider audience and then making that difference as salient and meaningful as possible.

Overall, our BrandZ™ analysis finds that brands that start as different (relative to their brand size) grew by an average of 26% when salience increases.

Pundits like to debate whether attitudes lead or follow behaviour, but neither camp denies that the two are directly related. When behaviour and attitude are aligned, brands are more likely to grow. Integrating brand attitude data into a time series analysis that identifies what contributes to sales growth, can be very instructive for an individual brand, and also confirms that the clarity of what a brand stands for does matter.

> "When behaviour and attitude are aligned, brands are more likely to grow."

A recent meta-analysis found that brand equity explained between 2 and 29% of the variation in base sales over time, and revealed that the more clearly defined a brand's image, the higher the proportion of base sales.

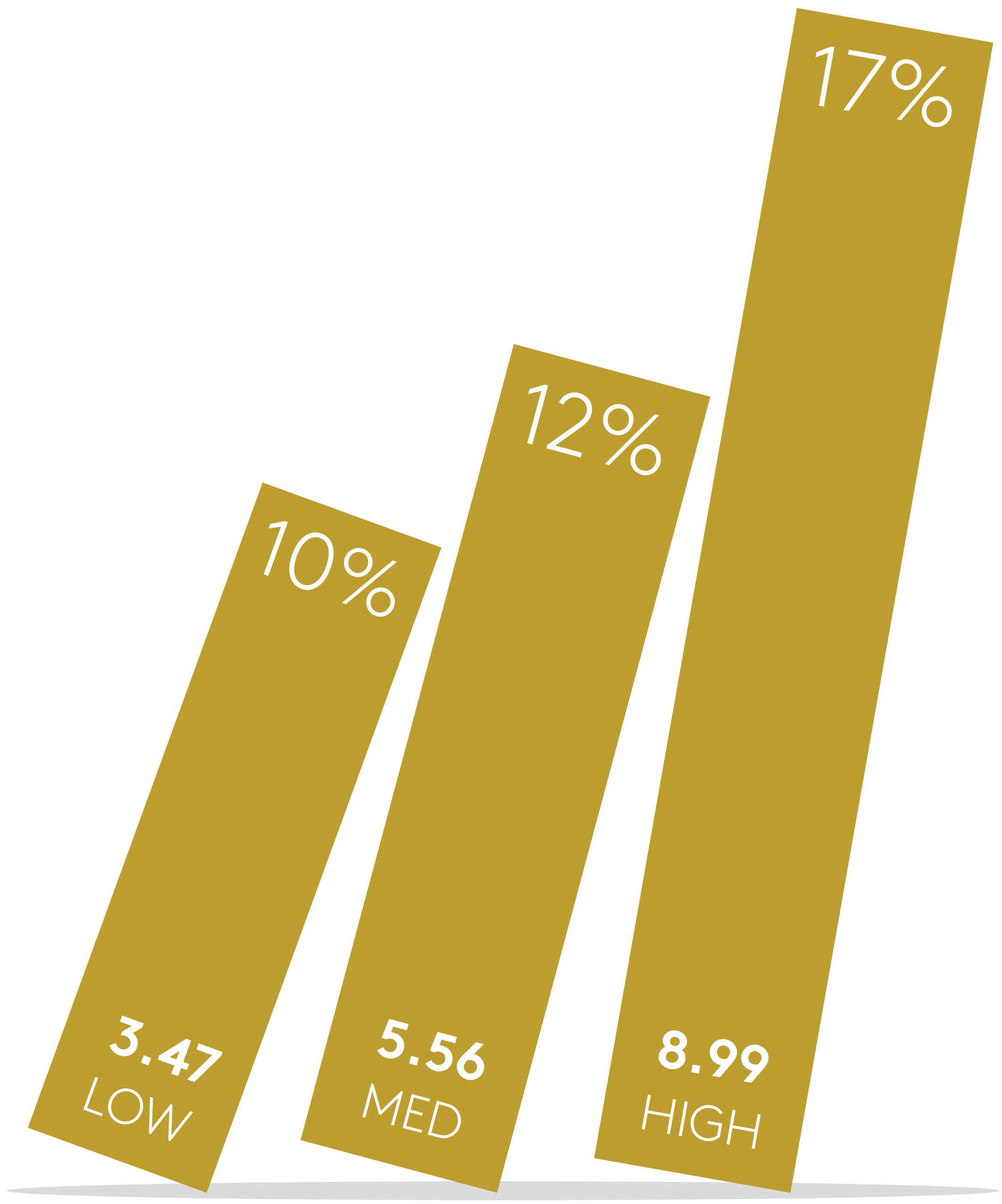
CASE STUDY

After careful analysis of short and long-term payback, UK insurance company Direct Line redistributed media spend from digital display and direct response TV, to brand building TV advertising designed to build predisposition.

The analysis identified that **marketing added about £40.5 million in previously unmeasured profit** (on a five-year NPV basis) through its impact on brand associations. For instance, its 'Guaranteed Car Hire' campaign improved perceptions that the brand offered good customer service among non-customers, increasing brand consideration and base sales, while also increasing positive word of mouth.

Growth depends on building clarity about what the brand stands for. The stronger a brand's clarity, the stronger the influence associations have on sales.

Average brand contribution to sales



Brand clarity

Source: Meta analysis of 54 Brand Structures studies.

Building up long-term differentiation helps a brand achieve more sustainable growth and reduces its reliance on short-term activation and discounting. Marketers can directly influence brand exposure through their marketing spend.

Studies by Kantar, Binet and Field, and Nielsen all find that there is a consistent relationship between share of voice this year and market share change next year. The more a brand spends compared to its market share, the more likely it is to grow over time. By punching above its weight, the brand ensures its offer is salient in relation to specific needs and occasions for both existing and potential users. But to really build momentum, brands need to invest in great creative, now more than ever.

> "There is a consistent relationship between share of voice this year and market share change next year."

Brands can outperform category expectations by investing in a disruptive strategy, great creative and well-integrated media campaigns that produce synergies across media channels. Our creative development work finds that whether it is traditional or digital, advertising which taps into a core human insight and evokes a strong emotional response will have more impact.

Brand exposure, however, is not just the result of investments in marketing and PR. Social validation, seeing other people using the brand or hearing it talked about on social media, will have an influence and a great experience will drive recommendation and word of mouth. This should in turn help to boost positive exposure.

4

ACTIVATION: CREATE SALIENCE WITH MEANING

Plan your brand activation to create salience with meaning among current searchers and shoppers

Activation or performance marketing needs to either trigger pre-existing positive feelings toward the brand, or make a compelling enough offer in the moment that the person is persuaded to choose a brand that they are otherwise not predisposed to buy.

It is tempting to see activation as independent of experience and exposure, but it is not. If people are predisposed to buy a brand, they are more likely to follow through on that intention.

Predisposition has the most influence on growth (contributing up to 34%), but when coupled with a high conversion of shoppers who weren't initially predisposed (generating up to 12% growth), the overall growth is even stronger.

Across the 3,907 brands measured in BrandZ™ over three years, market share increased to a cumulative 46% for those brands that started with more predisposed customers than expected and also increased both predisposed and not predisposed buyers.

Brands that over-achieve at each point of the buyer cycle are the ones that grow fastest, however, they represent only 4% of the total data set. Far too many brands fall short by achieving sub-optimal performance at one, two or even all three points.

For a brand to capitalise on predisposition, it must be salient: the brand must come readily to mind in relation to a specific need. Distinctive design, highlighted in advertising, will help build distinctive brand assets that ensure that the brand is recognised online, on the street or in-store triggering those associations.

However, while a simple association with a need or occasion may be enough to drive purchase for an impulse brand, for more deliberative purchases, the more meaningful and differentiating the ideas that come to mind, the higher the probability of purchase.

Building meaningful difference is also particularly important when it comes to justifying a brand's premium price point. Our analysis, based on integrating attitudinal data with behavioural data, finds that on average people pay 14% more for brands they find to be meaningfully different.

The risk of relying on conversion of buyers that are not predisposed is that low price becomes the sales driver, undermining short-term margins and setting up customer expectations that the brand will be sold on deal in future.

Of course, in today's world of search and automated recommendation, it is easy to discover previously unknown brands in the process of researching options.

A recommendation from Amazon may be taken on trust (since Amazon itself is a strong brand) and a low price might seem attractive, so the quicker a brand can stand out and trigger motivating ideas, the more likely it is to be bought, be it online or in-store. We find that strong predisposition shortens the path to purchase, giving less chance that other brands will intercept the customer or that the customer will find a new brand that they never heard of before.

> "On average, people pay 14% more for brands they find to be meaningfully different."

CASE STUDY

Chinese brand Yunnan Baiyao has successfully incorporated traditional Chinese medicine into a diverse set of modern-day products.

In 2014 Yunnan Baiyao toothpaste was a mid-size, well differentiated, premium brand but lagging in terms of salience. Three years later and Yannan Baiyao has grown by making its difference more salient and meaningful, **growing predisposition and doubling bought last**, all while maintaining a healthy price premium over brand leader Colgate.

5

GOOD STRATEGY AND GUIDANCE

Inform good strategy and provide strong brand guidance

Effective growth marketing starts by identifying what behaviour needs to change for the brand to make more money. Whether it is simply to drive volume or reduce price elasticity and support a price premium, effective marketing starts by identifying the biggest opportunity to drive profits then identifying how best to achieve that opportunity.

But good growth also requires good guidance, metrics that directly relate to the strategy and guide progress, identify whether a course correction might be necessary and inform the optimisation of implementation and execution.

Good strategy: know where you are now, where growth will come from and how to achieve it

There are relatively few basic growth strategies:

- Expand into new geographies
- Expand into adjacent product categories
- Acquire new brands
- Grow the existing category (typically of benefit to brands with high market share)
- Or grow value and/or volume market share

Within those base strategies, however, the optimal route to growth will vary dramatically according to brand status, category and competitive context. Industry, diversity of customer needs, market fragmentation, brand size, product superiority, price point, relative profitability, current consumer behaviour, customer satisfaction, brand salience and existing consumer perceptions of the brand (and its competition) will all inform the optimal growth strategy, but some have more influence on the ideal strategy than others.

> "The optimal route to growth will vary dramatically according to brand status, category and competitive context."

Brand size has a big influence of growth prospects. In the BrandZ™ data set, we find smaller brands typically achieve stronger growth over three years than bigger ones (although their growth prospects are more variable). The biggest brands (20% market share or greater) decline by 4% on average but this does not mean that all of them declined. 4 out of 10 of the biggest brands managed to hold ground or grow. The Europanel BG20 study also provides insight into how sources of growth vary by brand size. This study covers 36 countries, 86 categories, over 20,000 brands and about 1.1 billion purchase decisions. Looking at the 26% of brands that gain over 0.5% market share points over the course of a year, we found that where growth originated from also differed by brand size.

Further, brands which pursued a growth strategy appropriate for their size outperformed by an overage of 45% those brands that only grew penetration. Big brands achieved almost twice the growth if they followed a tailored strategy and focused on driving additional purchases from existing customers not just driving acquisition. Small brands have little choice but to focus on increasing acquisition from competitors, but big brands need to focus more on keeping existing customers, increasing their purchase occasions or cross-selling, and, to a lesser degree, bringing in new category buyers.

> "Brands which pursued a growth strategy appropriate for their size outperformed by an overage of 45% those brands that only grew penetration."

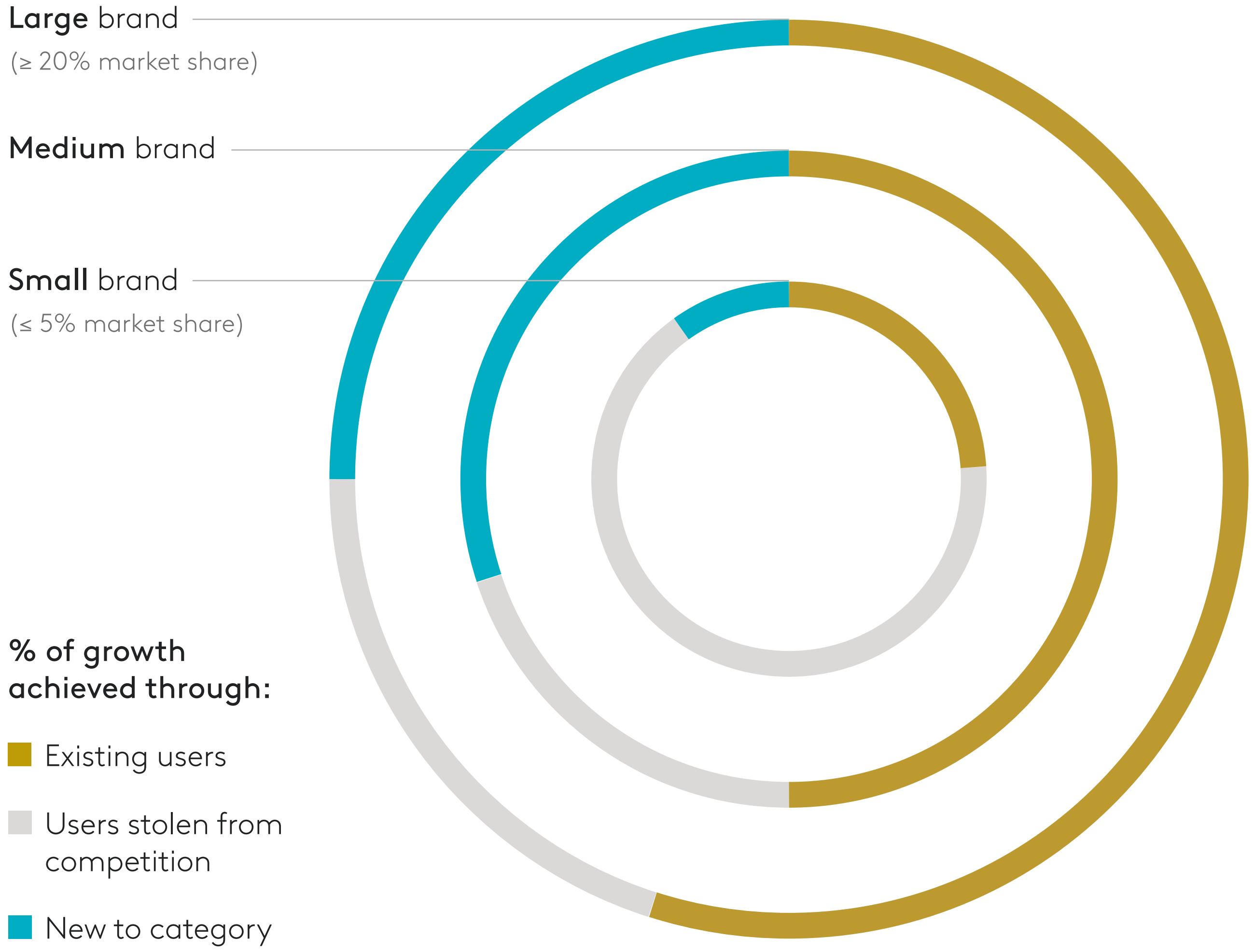
CASE STUDY

Walker's Crisps is by far the biggest brand in salty snacks in the UK. Analysis identified that single packs were the brand's most profitable line and that lunchtime was the biggest snacking occasion, however, only 1 in 10 people bought Walkers.

The brand launched a campaign designed to increase the salience of Walker's in association with having a lunchtime sandwich and **sales increased by an additional 15.6 million packs**. Notably, the campaign relied on changing behavior through changing brand associations and then making it easier for people to buy by changing where the brand was stocked in-store.

Where you start makes a difference to where your growth comes from

Building momentum for a small brand is a very different task from building it for a big brand.



Source: Europanel, Kantar | BG20 study 2,600 brands that grew market share by 0.5% or more. 86 categories, 18 countries, 2012-2015

Any given brand may face a variety of possible growth opportunities, but data analysis and consumer insight tools can help identify what might be the best growth strategy and with it, the milestones that need to be achieved and the metrics that will indicate progress toward the brand's goals. Whether your best growth strategy lies in a behavioural economics solution that nudges people's behaviour in the right direction or changing people's mindset to make them more likely to buy your brand, where you need to invest will be that much clearer if you can define what you are trying to achieve.

Good guidance: anticipate success, know when to course correct and how to optimise

All marketing activities will play out over different time frames. People will only buy when they are ready. To grow over both the short and long term, a brand must not only influence current users, searchers and shoppers but reach out to potential users, many of whom may not even recognise a need or desire for the category yet.

The problem facing marketers is that much of the data easily available to us today is focused on what happens now. The most easily available behavioural metrics are immediate, volume-based and do not necessarily relate to long-term success. Add to this our own present bias as human beings and the self-defeating influence of many incentive plans, and it is not surprising that activities which demonstrate an immediate return tend to win out in the competition for marketing budget.

Further, lack of forward-looking metrics does not just impact where marketing funds are invested.

Brands only build the clarity necessary for growth when all activities are informed by a consistent understanding of what the brand stands for and how it should be represented in the marketplace. Without reliable short-term indicators of long-term success, brands risk tactical tail chasing – that did not work, let's try something else – undermining clarity as potential buyers see the brand presented differently across touchpoints and time.

CASE STUDY

Faced with a lack of customers entering the banking sector and the difficulty of getting existing banking customers to switch, First National Bank (FNB) in South Africa launched "What is the future of help?" in 2017. The campaign, which sought to create an emotional connection with people, leaving them feeling empowered, **generated a 4% increase in FNB's customer base in 2018**.

Overall financial performance, however, relied on more than new customers: FNB also focused on product cross-selling, from insurance and wealth management to mortgages and credit-card offerings. And a decade long investment in digitisation paid off, with the FNB app enjoying a 65% increase in transactions, contributing to a **10% increase in the group's fee and commission income**.

Use short-term indicators of long-term success to define goals and course correct quickly

To combat data short-sightedness, brands must identify the short-term indicators of longer-term success that can inform decisions on how the marketing budget should be allocated between experience, exposure and activation, and then optimise that spend effectively.

In the past, marketers had to wait weeks to figure out what was going on with their brand and competition. No matter how important, attitudinal data took time to collect and analyse. Now all that is changing.

The combination of real-time digital data, advanced modelling and artificial intelligence is transforming the way marketers can monitor and react to change. Because people respond immediately to events in search and social media, data from these sources can form the basis of an early warning system, quickly identifying when marketing activities are working or not.

However, to make sense of digital data you need to do more than just track the changes in overall volume. Different behaviours relate to different outcomes and, just like sales, many things drive the volume of search or social data at any point in time.

At Kantar we have invested in mapping digital behaviours to specific outcomes related to brand building. By applying advanced modelling techniques, it is possible to strip out noise to identify both the impact of current marketing activities and the underlying long-term trend indicative of future growth.

Applying these techniques to search and social data allows us to measure whether current marketing is driving salience now and into the future. Focusing on search allows us to identify whether people anticipate that the brand will be relevant to their needs – a key ingredient of making the brand more meaningful.

Digital data on its own will not give today's marketer all the information they need to maximise growth. Many leading indicators of growth are attitudinal and require us to understand what is going on in people's minds. Luckily, advances in survey methodology – notably the transition to mobile – and a focus on leading indicators and automation are helping close the gap between real-time and survey-time.

These advances help place survey data alongside behavioural data when it comes to measuring success. Applying the power of Artificial Intelligence to trends in sales, search and social, and brand perceptions, can then help identify changes in velocity as they happen, and forecast what is likely to happen next.

By combining automated analysis with behavioural data and responsive survey metrics directly related to your brand's goals and summarised in an interactive dashboard, marketers can quickly identify opportunities to course correct and optimise their marketing investments.

> "Applying the power of Artificial Intelligence to trends in sales, search and social, and brand perceptions can help identify changes in velocity as they happen and forecast what is likely to happen next."

Five recommendations that will help you master your brand's momentum and grow sales now and for the future

1

Balance your investment across three key activities

Do this by exerting marketing pressure across the three key points in the buyer cycle: experience, exposure and activation. Where a brand finds the most leverage will depend on its industry and brand size.

2

Deliver the brand experience that will delight your existing users

To grow, a brand needs to retain as many existing users as possible by predisposing them to choose the brand again.

3

Grow your brand exposure and reach out to future buyers

To grow, a brand needs to reach out to new, potential buyers. Do so by creating excess share of voice with compelling, memorable creative that builds clarity around what the brand stands for and encourage positive buzz and word of mouth.

4

Plan your brand activation to create salience with meaning among shoppers

Ensure that the brand and its meaningful difference comes readily to mind in relation to specific needs and occasions. Justify your price point, do not resort to excessive discounting to drive volume.

5

Inform good strategy and provide strong brand guidance

Measure progress in building momentum by identifying and tracking short-term indicators of long-term success to quickly course-correct and optimise effectively.

Our experts can help you shape your brand, direct your strategy, guide your activation and measure what matters most for your brand's success, now and for the future.

If you would like us to partner with you on defining a winning strategy for your brand, please get in touch by emailing us at **brand.momentum@kantar.com**

KANTAR

Kantar is the world's leading data, insights and consulting company. We understand more about how people think, feel, shop, share, vote and view than anyone else. Combining our expertise in human understanding with advanced technologies, Kantar's 30,000 people help the world's leading organisations succeed and grow.

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