CONSUMER INSIGHT:
Creating Momentum for Business

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Measuring & Managing Brand Value
Every marketer knows his or her brand is valuable. And historically, attempts to measure brand value have focused on attitudinal changes among consumers. But brands are corporate assets just as is a factory, finished inventory or raw materials...and they should be managed in the same way.

Leveraging Channel Changes in Today’s Market
The mix of products to satisfy today’s consumers is continually changing. Determining these needs and pinpointing consumer targets, however, takes a skilled and strategic approach.

The Up & Coming Generation
The Baby Boomer offspring represent a marketing juggernaut. Three trends have shaped this generation into a huge cohort, numbering 76 million at the close of 2000.

Online Promotions: Something New, Something Old
Along with the successes in electronic promotion over the last 15 years, there have been many failures. Today, much of the interest in “electronic” promotion is taking place on the Internet. And the lessons learned from the past can be applied to this new generation of programs.

Co-Branding: Is It Right for You?
Co-branding is running rampant with no apparent signs of slowing. But is a new co-branded relationship ultimately good—or bad—for the brands in play, in terms of brand equity?
Much has been said and written recently about the softening economy. These are the times when your commitment to grow your business is truly tested. It is a time to continue the momentum of building your brand with existing consumers and key prospects.

I was struck recently by a quote from retired General Electric CEO Jack Welch: “We’re going to continue to invest in technology and insights, and hope that our competition pulls back, because that’s how we’re going to continue to win in the marketplace.” I find great wisdom and perspective in those words, and I believe you will as well.

In fact, both CPG manufacturers and retailers should be asking themselves the following questions:

- Do I really know who my best customers are?
- What makes them unique and different? What do they have in common?
- Am I focusing disproportionate resources and effort against them?

Over the last decade, there has been very little change in the trend of manufacturers’ trade promotion spending as a percent of gross dollar sales: in Canada, it’s been approximately 20% (in the U.S. around 13%). Within a typical brand portfolio, the ratio of trade-to-consumer spending is 70:30 for Canada and 50:50 for the U.S.

At the same time, retailer consolidation dominates the scene in both countries. The message to manufacturers is clear—they need to get trade promotion spending decisions right every time. Consequently, they have much more at stake with regard to each of their retailer partnerships. Look at the following metrics:

- In Canada, 10 retailers now account for 81% of grocery category sales in all the channels that consumers shop.
Cover Story

Measuring &
Managing Brand
Value

Don E. Schultz, Ph.D.,
Professor of Integrated Marketing Communications,
Northwestern University, and
President, Agora Inc.
Every marketer instinctively knows his or her brand is valuable. But, how valuable? Financially? Marketers are hard put to provide answers when confronted by three basic senior management brand investment questions:

1. How much should we invest in our brand?
2. What will we get back?
3. Over what period of time?

In truth, few organizations know the financial value of their brand(s). Those that do generally have learned through a purchase price paid or asked in some sort of merger or acquisition activity. So, the only time brand value is known is during ownership transfer. Even then, the buying or selling price may not be an accurate indication of actual brand value for an on-going business, as some value may be carried through that most nebulous financial term, “goodwill.”

Historically, attempts to measure brand value have focused on communication delivery and attitudinal changes among consumers—brand awareness, brand recognition, perceived product or service differentiation, intent to purchase—all of them financial. So, when asked to justify a proposed brand marketing or communication expenditure, marketing managers have had difficulty building any defensible financial case for investment or returns.

Why Financial Brand Value Is Important
Knowing the financial value of a brand is one of the most important things an organization should know. Brands are corporate assets just like other tangible items the organization owns. And brands have an actual marketplace financial value—that is, their value can increase or decrease. They can be leveraged to build shareholder value. They build and maintain future corporate income flows. In short, the brand, while not tangible material, is a corporate asset just as is a plant, factory, finished inventory or raw materials. Brands should be managed in the same way.

When the financial value of the brand is determined through accepted financial approaches, senior managers are often surprised to learn they are one of the most important and valuable assets the organization controls. They often outrank many of the more tangible, traditional assets carried on the balance sheet.

Viewing the brand as a corporate asset changes the organization’s understanding of brand value. But to treat the brand as an asset, some type of financial valuation is necessary. If the brand value is unknown or simply nebulous, managers can’t possibly determine whether a brand investment is a rational use of finite corporate resources. Unless the manager can determine whether invested resources are increasing brand value or not, any corporate investment in the brand is hazardous at best. Yet organizations around the world continue to invest millions of dollars chasing that elusive goal of increasing brand equity or shareholder value. In today’s economic climate, investments made without some estimate of return are managerial suicide.

Why Measuring Brand Value Has Been Difficult
If the brand has financial value, why hasn’t that value been measured or estimated in the past? The blame can be laid at the feet of the marketing communication community. In the early 1960s, the advertising industry, increasingly being challenged to prove the financial value of their activities, took the easy way out. Rather than attempting to connect financial investments being made to financial returns, they simply avoided the subject. Instead, they proposed the measurement of “communication effects,” that is, consumer attitudinal changes measured as a result of planned communication programs.

Using a “Hierarchy of Effects” theoretical model that relates consumer attitudinal change (i.e., movements up a ladder of awareness to knowledge to preference and so on), leading up to, but not including, the consumer’s actual purchase behavior, communication managers successfully deflected connecting financial investments to financial returns. They convinced the industry to accept changes in consumer attitudes as the key advertising measure, arguing consumer attitude change would eventually lead to consumer behavioral change, i.e., product purchase. The problem: no direct link has ever been provided.
Brand valuation, taking its cue from the advertising industry, accepted the same premise: attitudinal measures equal brand value. Thus, today, primary measures of brand value continue to be attitudinal, such as consumer brand awareness, brand differentiation, brand bonding and the like. While interesting and helpful to communication managers attempting to create advertising or promotion campaigns, they are of limited value to the financial manager whose interest is the simple equation: dollars out on brand investments, dollars back in as a result.

**A Financial Answer to the Brand Value Question**

Two factors make financial brand valuation possible today. One is the development of more sophisticated financial concepts such as Activity Based Costing (ABC), Discounted Cash Flows (DCF) and EVA (Economic Value Added). The other is the increasing availability of point-of-sale or marketer-captured consumer data showing actual household marketplace purchases over time. When consumer behavior data is coupled with channel variables such as pricing, distribution, promotion and the like, financial brand value can emerge. By statistically decomposing consumer sales data, the returns on various marketing investments can be determined over time. One such analysis is illustrated below.

Using historical sales data, a smoothed long-term brand sales trend line can be created [See Chart 1]. From that, incremental sales—sales over and above that expected—can be determined. Those incremental sales are generally the result of identifiable brand marketing or promotional activities. Incremental sales can account for a large or small proportion of total brand sales depending on the category, the competition, marketing activities and other factors.

Chart 2 shows incremental sales that have been parsed out into the causal promotional elements. Here, the effects of the sales force, media and other marketing factors can be seen.

This type of short-term financial analysis of marketing activity results is now fairly common among sophisticated consumer product firms. While helpful in understanding ROI of various brand marketing initiatives, it does little to explain the financial value of the brand. Recall, the above analysis determines the return on discretionary marketing dollars spent in the short term. It says nothing about the on-going value of the brand such as returns that come from customer loyalty. A somewhat different approach is needed.

**Getting to the Heart of Brand Value**

In most boardrooms, only two things count: cash flow and shareholder value. Both are commonly discounted to net present value. Therefore, if managers can’t relate their investments to one of these yardsticks, they have little claim to the use of finite corporate resources. Yet if the brand is an asset, and that asset can demonstrate growth potential over time, the current and on-going brand financial value becomes a critical ingredient in profitably managing the firm.

To determine brand value, a similar approach to the previous examples is used, by creating a smoothed long-term sales trend line. But instead of analyzing incremental sales, the challenge is to get at ongoing volume—what we call “organizational momentum volume” [See Chart 3].
The ongoing or “momentum volume” for many consumer product brands accounts for sixty to seventy percent or more of total brand sales. In other words, incremental sales are a minority.

A brand’s “momentum volume” consists of several things: product or service, quality, competitive set, pricing, service factors and, of course, brand value. The challenge is to parse out brand value to determine its financial worth compared to other factors.

**The Brand Finance Process for Determining Brand Financial Value**

Brand Finance, headquartered in London, with offices in the U.S., Australia, and Singapore, has developed a brand valuation methodology. An example of the methodology can be seen from the discounted cash flow statement below [See Chart 4].
The process includes three basic elements:

1. **A calculation to determine Branded Business Earnings.** Separating earnings directly attributable to the brand.

2. **Demand Drivers.** Elements that contribute to the on-going purchase behavior of brand customers over time. Factors may include customer type, channel propensity, price involvement and others. This results in the Brand Value Added (BVA) Index.

3. **Risk Factors.** Factors that determine how much confidence the brand valuator can place on historical data as being projectable into the future. Called the BrandBeta Analysis, it identifies the discount rate used to calculate net present value.

A Discounted Cash Flow chart for a hypothetical brand illustrates the process [See Chart 5].

From company records, it is determined that the Tangible Capital employed in making the product was $250 million. A Charge for Capital from the Brand Earnings of five percent or $12.5 million is deducted, leaving Intangible Earnings of $62.5 million [Line c].

In Step Two, using the Demand Drivers from the Brand Value Added Index, brand earnings of 75 percent of the Intangible Earnings, or $46.9 million, are determined [Line d].

The two charts below demonstrate how the BVA index works. Chart 6 shows an example of elements included in the BVA Index, while Chart 7 illustrates the results of a BVA analysis for a chocolate bar.

**A Simplified Example Year 0 Year 1 Year 2 Year 3 Year 4 Year 5**

<table>
<thead>
<tr>
<th>Simplified Example</th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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<tr>
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<td>48.8</td>
<td>51.6</td>
<td>54.4</td>
<td>58.1</td>
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<tr>
<td>Tax</td>
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<td>20.1</td>
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<td>26.1</td>
<td>24.0</td>
<td>22.3</td>
<td>20.3</td>
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<tr>
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<td>135.3</td>
<td>119.2</td>
<td>104.0</td>
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<td>135.3</td>
<td>135.3</td>
<td>135.3</td>
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<tr>
<td>Brand Value</td>
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<td>287.8</td>
<td>287.8</td>
<td>287.8</td>
<td>287.8</td>
<td>287.8</td>
</tr>
</tbody>
</table>

We start with Year 0 when Net Sales for the brand were $500 million [Line a]. Sales are estimated to increase by four percent per year for the next five years.

Operating Earnings for the brand from internal records amounted to $75 million [Line b].
Estimated Tax at the rate of 33 percent or Tax of $15.5 million is deducted. This results in Post Tax Brand Earnings of $31.4 million [Line e].

The Risk Factors facing future brand earnings are found through the Brand Beta Analysis. That provides the discount rate for future earnings of 15 percent in this example. The Discount Factor is applied to estimated future sales [Line f] to calculate the Discounted Cash-Flow [Line g] extensions.

By adding up the Discounted Cash-Flows for the next five years, the Brand Value to Year 5 is determined as $152.4 million. The Annuity for the brand beyond the five-year period is calculated as $135.3 million [Line i]. Since we are using constant dollars, no Growth figure is included.

The final result is the total Brand Value of $287.8 million.

The Real Value of Brand Valuation

To this point, many brand managers may find little value other than bragging rights. That is how brand valuation has historically been used. We take a different view.

Knowing that the brand above has a value of nearly $300 million provides the management with very critical information:

1. Investing in a $287 million asset is much different than investing in a brand with 85 percent consumer awareness. It provides a managerial benchmark against which investments can be measured versus other uses of the organization’s finite resources.

2. By determining the brand’s value, a management benchmarking system can be developed, i.e., a “brand value dashboard” showing investments and returns. Thus, management can see whether brand investments meet the firm’s required internal rates of return.

3. Brand managers have a better understanding of which brand activities work and which do not. By tracking investment levels and then relating those to the various initiatives, a closed-loop system of brand investment, measurement and re-investment can be developed and monitored.

A knowledge of brand value is worth the use managers make of the data. Being able to treat the brand as a corporate asset has great value to many firms since it allows managers to monitor their financial investments and returns. Today, the capability to measure current and ongoing value of a brand is not only possible, it is practical as well. Given the attention senior management increasingly pays to corporate assets, it is only good business sense that the brand should be treated in the same way.

Don Schultz, Ph.D., is President of Agora, Inc., an international marketing consulting firm. Don is also professor of Integrated Marketing Communications at The Northwestern University Medill School of Journalism. He can be reached at dschultz@luluu.acns.nwu.edu.
Today’s Changing Market

Today’s retail environment is continually changing. Competition is fierce and is growing. New players are entering the retail arena and are succeeding. Technological advances are adding to the complexity of shopping choices. The mix of products to satisfy the ever-changing face of today’s consumers is demanding. With such diffusion, clear-cut marketing strategies for retailers and manufacturers are not easy to define. What works in one retail format will not necessarily work in a similar one. How can retailers and manufacturers compete and get ahead in today’s mutant market? The “simple” answer is this: Know your consumers and cater to their individual needs. Determining these needs and pinpointing consumer targets, however, takes a skilled and strategic approach.
More Channels, Greater Mix
Catering to consumers' needs is no small order. The ease and flexibility afforded by the wide variety of shopping choices today makes it difficult to maintain a loyal base of shoppers. With relatively new and emerging channels like dollar stores, warehouse clubs, supercenters and pet food super stores, traditional retailers are re-evaluating store formats and merchandising strategy. At the same time, manufacturers are re-thinking how they market, package and ship products. Bottom-line pressures and the need for retailers to stock the right mix of products are creating a real battle for manufacturers to win and maintain shelf space. And while the economic impact of e-commerce has been relatively small in terms of actual sales for categories sold through traditional grocery, drug and mass channels, the groundwork that has been laid by the dot-com startups will continue to impact the way consumers purchase their goods.

A look at today's primary channels for distribution of consumer packaged goods shows an evolution that will most likely continue in the years to come. With the exception of dollar stores and warehouse clubs, all other channels have experienced significant shrinkage in store count between the years 1993 and 2000. There were 9,700 fewer food outlets, 8,300 less drug stores, a cutback of 6,900 convenience chains and a reduction of 800 mass merchandisers. Some of the reduction in the mass channel can be attributed to retailers such as Wal-Mart or Kmart converting older properties into supercenters, but in the past few years a number of regional mass merchandisers have either closed their doors completely (Hills, Venture and Caldor) or reduced their overall store count. The decline of the drug channel has been fueled exclusively by a dramatic decline in the number of small, independent drug outlets.

On the flip side, dollar stores have more than doubled to over 8,500 stores, petroleum outlets have expanded by 8,326 stores, chain drug and larger independent drug stores have increased by almost 4,800 stores and large food outlets with supercenters (+$2 million) have grown by over 2,000 stores. The growth of dollar stores can be attributed in part to the fact that these stores cater to the “convenient needs” of lower income households.

Chain drug stores are gaining in popularity as they offer wider assortment and a convenient shopping option for both younger and older consumers. And supercenters are leveraging food products and one-stop shopping to entice consumers to shop more frequently and to spend more.

The Canadian retail landscape has seen the consolidation and growth of many major retailers. The number of grocery retail outlets over the past four years has increased 4%, while mass merchandisers have opened 14% more stores, as Wal-M art expands and Zellers absorbed Kmart. Drug retail outlets, conversely, have declined by 1% over the last four years, halting the expansion that was seen through most of the nineties.

While the world of retailing is in constant flux, the demographic mix of today's consumers is also experiencing growing pains as well. The ethnic population is booming, the senior segment is growing and the eclectic Generation Y kids are expanding. The only light at the end of the tunnel for retailers and manufacturers to compete in today's market is thorough analysis of consumer shopping patterns. A three-pronged approach is required. Retailers can grow their sales by 1) increasing the number of households shopping in their stores (penetration); 2) increasing the number of shopping trips their shoppers make (frequency), and; 3) getting shoppers to spend more on each shopping trip. Manufacturers can help in this process by recommending the appropriate cate-

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1 For this study, all channels refer to grocery with supercenters, convenience/gas, drug stores, mass merchandisers, dollar stores and warehouse clubs.
2 Dollar store tabulation for this research includes only Family Dollar and Dollar General.
gories, brands and items that can influence these three components of shopping.

**Where Are Consumers Shopping?**

Consumers take advantage of their channel options, and heavy category buyers satisfy their category needs across multiple retail channels. So an important source of volume growth for retailers is to maximize the category purchases of their shoppers. In other words, retailers must capture the greatest percentage of their consumers’ category purchases. To do this, retailers need to know where else their consumers are shopping and what items, brands or categories are driving those “competitive” shopping trips. With this knowledge, retailers can work with their manufacturer suppliers to leverage items, brands and categories to build or maximize shopper loyalty.

A ranking of U.S. retailers by their ability to penetrate U.S. households reveals that three of the top six U.S. retailers (based on individual retail store names) are from Wal-M art. Interestingly, Dollar General makes the list, but no grocery account does.

For a North American perspective, data from the AC Nielsens Canada Homescan Panel shows similar trends to the U.S. market. Canadian consumers are shopping in the mass and warehouse club channels more, and dollar stores are also attracting consumers. The mass channel experienced the greatest dollar share growth of all channels with a 10% increase in 2000. Similarly, warehouse clubs increased by 8% and general merchandisers grew 6%. Grocery retailer concentration within Canada is a clear difference from the U.S.; corporate grocery retailers occupy four of the top ten retailers of reach within Canada, including the number-one position (LCL). This is also evident within drug retailing, as national reach has driven a drug retailer within the top five of Canadian organizations (SDM). Mass merchandisers are also dominant players on the Canadian side of the border, occupying the second and third ranking of reach of retailing organizations and the number-one and two positions of individual banners (Zellers and Wal-M art).

The U.S. top 10 list changes dramatically when focus shifts from penetration to frequency. When it comes to shopping frequency, grocery retailers lead the way. The frequency level achieved by H-E-B is rather remarkable,
with an average of 11 trips per year. However, this is a retailer that holds a dominant share position in the markets that it serves. The rollout of Wal-M art’s Neighborhood M arket format and the stabilization of their Supercenter formats may impact this list.

Mass merchandisers showed the only year-to-year increase in shopping frequency with a 4% increase in trips and an 8% increase in spending. Warehouse clubs posted no increase in either frequency or spending. Grocery retailers equally dominate the top 10 list of Canadian retailers, based on number of shopping trips. The fierce competitive nature of retailing is evident—Safeway tops the list of number of trips per household, but the top ten banners are separated by just eight trips per year. The competitive nature of grocery retailing is also expressed in the dispersion of consumer loyalty, as no banner achieved an average loyalty level higher than 33% within a composite of grocery categories.

What Are Consumers Buying?
As retailers compete to try and capture a greater share of their shoppers’ total spending, an examination of the mega-categories that account for the largest percentage of U.S. shopping households provides the ammunition necessary to develop strategic goals.

With the exception of paper products, the categories accounting for the largest percentage of buying households are food, beverage and snacks. With almost 100%
penetration, the top ten list includes the following: bread and baked goods, fresh produce, paper products, fresh meat and poultry, snacks, cheese, condiments, gravies and sauces, candy, milk and carbonated beverages.

However, many non-grocery retailers are also stocking these categories and all of the major mass merchandiser, drug and dollar store retailers have food and beverage sections. Even retailers like Blockbuster Video carry snacks, candy and beverages. In each case, these categories appeal to a wide number of shoppers and they also allow non-grocery retailers to capture category sales that used to be owned by the grocery channel.

**THE DEMOGRAPHIC FIT CORRELATION INDEX**

The index was developed by ACNielsen to identify the categories that stand out as the best “fit” to the particular demographics of shoppers within a channel. The index was created by the following steps:

1. Twelve non-redundant demographic segments were selected.

2. A correlation coefficient of the volume-weighted demographic segment development indices between a shopper group and approximately 120 mega-categories was produced.

3. The correlation coefficient was a fraction between 1 (best fit or greatest opportunity) and -1 (worst fit or least opportunity).

4. The coefficients were multiplied by 100 to create a “Demographic Fit Correlation Index.”

Within the ACNielsen-defined mega-categories, a Demographic Fit Correlation Index can identify those categories that have the best demographic fit or match against the demographics of channel shoppers.

The index showed that among different retail formats, the categories and consumer demographics varied from channel to channel.

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No matter how you spell it, these Baby Boomer offspring represent a marketing juggernaut. The convergence of three trends: 1) a return to family values, 2) fertility drugs, and 3) large immigrant families, have shaped this generation (born 1982–2002) into a huge cohort, numbering 76 million at the close of 2000.

Power of the Purse
Factor in the effects of additional immigration and births through the year 2002, and the Millennials may become the first 100-million-person generation in history. In dollar terms, this translates into direct spending power of roughly $600 billion per year, not to mention their influence over parental expenditures.

Looking at the age 13 to 17 segment alone, a 1998 TRU/Statmats study assigned this subset group a burn rate of $80 per week per teen—$141 billion a year. It’s no wonder that marketers view them as Generation Market Clout.

The trend holds for Canada as well, where 2.5 million tweens (age 9–13) control $1.8 billion Canadian, as reported in the “YTV Kid & Tween Report 2000, Wave 6.” In addition to allowances and part-time work wages, Canadian tweens have very happy birthdays indeed, receiving $90 in cash on average.

Values and Attributes
In their seminal work on Generation Y, Millennials Rising: The Next Great Generation, authors Neil Howe and William Strauss talk about a “good news revolution.” Perhaps in response to the so-called “slacker” traits of their immediate predecessors, the Millennials on the whole can best be described as optimistic, upbeat, team players who follow the rules and believe in hard work.
One consultant specializing in motivational techniques for young talent describes Generation Y as “Gen X on fast forward, with self-esteem.” They are the most diverse peer group to surface, embracing and fully accepting of differences. And they’re smart—beneficiaries at the nexus of well-educated parents and the consequences of kinderpolitics on school funding.

Julie Look, director of research for YTV, Canada, commenting on her firm’s longitudinal study of kids and teens, stated to Canadian News Wire that “...it has been reassuring to see that they remain opinionated, independent and brimming with optimism about their future.”

**Saving, Spending**

Raised by parents with more money than time, the “Baby on Board” children are the byproduct of a bull market that has predisposed them to consumption. Yet, despite the fact that they had four times as many toys as kids 20–30 years ago, Millennials are proving to be more responsible, self-sufficient and mature than any prior generation.

Living with working parents, many Millennials count grocery shopping among their chores and are becoming a force to be reckoned with in supermarket aisles. This influence can be seen in sales spikes for convenience and prepared foods with quick-fix appeal, as well as products that feature packaging, flavors and formulations designed to tantalize Millennial senses.

Ready for a surprise? In a recent survey conducted by the American Savings Education Council, fully half of people age 16–22 save a portion of their money. Confirming this finding, a Merrill Lynch study uncovered the fact that Millennials are not just thrifty—they’re financially savvy. More than one in ten members of this age group already invest in mutual funds.

**A Wired World**

It would be fair to say that Generation Y constituents are communications junkies. These wired wunderkinds view cell phones as a necessary accessory and pagers as a lifeline. Melva Goffney, director of research and planning at Nickelodeon Online, commented to Business Wire that “...inter-penetration of media consumption behavior is greater among this online generation than in any previous generation.”

When it comes to media, Millennials use them all, all at once. For example, more than half engage in concurrent media activities: 16% talked on the telephone while watching television; 11% surfed the Internet while doing so; 9% read a magazine and 6% listened to the radio.

According to the Online Kids Report prepared by Jupiter Research, almost half of 13- to 17-year-olds in the U.S. will be Internet users by 2002. Forrester Research concurs, reporting that teens spend one of every four free hours online. Two-thirds of Canadian tweens with computers in the home enjoyed Internet access during 2000, a 36% year-to-year increase.

The Cahners In-Stat Group forecasts that teenagers will comprise the fastest-growing market for wireless voice and data services, with the potential to reach 43 million users by 2004.

**Brand Implications**

Do Millennials buy brands? What’s the best way to reach them? For Christopher Swift of KPMG LLP, it is through building brand equity. He asserts in Best’s Review that given their media proclivities, once a brand gets established with a core group of young people, they will use e-mail and cell phones to notify friends, in effect implementing a de facto grass roots marketing campaign.
Coming of Age in the Age of Possibility

Cultural anthropologist Caroline Gibbons Barry, president of PortiCo Research, sounds a cautionary note when asked to generalize about generations. “Twenty years is such an enormous span of time. Clearly those living on the edges of the cohort will embrace different values, or the same values to a different degree, than those squarely in the demographic middle.” Her most recent research speaks to the point. An in-depth study of Americans age 21–25, a segment you might call Generation X/Y, sit at the inflection point of two generations. Four distinct values set this group apart:

1. Being real
2. Being a good person
3. Expanding your horizons
4. Having fun

How do these values impact brands? Take the case of Kenneth Cole clothing. A brand renowned for the classic look, staying true to its design heritage is imperative. Conversely, the Starbucks brand stands as a symbol of the over-commercialization of America. To repair its relationship to Generation X/Y, Starbucks would be counseled to get real and connect with the community in a meaningful way. Localizing the Kenneth Cole brand, however, would undermine its aspirational essence.

This strategy has paid off for Vans, a fashion-forward athletic shoe company. In addition to street marketing tactics which include building skateboard parks, Vans uses an e-mail distribution service to send tailored permission e-mails to loyal customers. Special offers have included a shoe that changes color in sunlight, with first production run shoes reserved exclusively for online customers. Mirroring Generation Y proclivities, Vans carefully affiliates with sports that combine social interaction with individual performance like BMX biking, snowboarding and surfing.

Simon Property Group experimented with an innovative Generation Y program during the holiday season. Called Fast Frog, the initiative enabled teens to scan items at any store in a Simon mall onto a holiday wish list. Friends and family could then download the list and rest easy, assured of buying the right item.

Key Learnings
Take-aways for marketers targeting Millennials include:

• appeal to their green streak; Generation Y cares about the environment and wants to know that you do too.
• develop a positioning that resonates with these image-conscious consumers, bearing in mind that a sense of empowerment is important to them.
• leverage the World Wide Web, and your marketing budget, by launching viral marketing campaigns.
• think psychographic versus demographic.
• capitalize on their preference for group settings with individual performance opportunities.
• street marketing and guerrilla tactics are particularly effective.
• store designs will need to incorporate strong visual stimuli and interactive activities.

Which brings us to the answer to our opening question. What’s next after Generation X? An entire demographic of smart, media-saturated consumers who will look for performance and psychological product pay-offs and reward companies that deliver against these standards with their loyal patronage.

Laurel Kennedy is Principal of The Kennedy Organization, and has been marketing and communications consultant to the CPG industry for more than a decade.
Online Promotions
Something New, Something Old

John Karolefski

The road to electronic marketing is strewn with the bleached bones of companies that attempted to succeed in this challenging business,” said William F. Penwell, former chairman of a division of The Sperry & Hutchinson Co., purveyor of S&H green stamps and other loyalty programs over the years.
Indeed, it has been a rough road for electronic marketing, which includes in-store programs and devices designed to enhance or replace traditional marketing. There have been some major successes over the last 15 years, and these programs continue to do well in supermarkets. But along the way there have been too many failures among the vendors of electronic signs, kiosks, video systems, and various card-based frequency programs. Some of them have been spectacular failures; others have had brief, shining moments—usually in test markets—and simply faded away. Why? Typically, it was lack of funding, glitches, not enough manufacturers or stores involved and not enough shopper interest.

Today, much of the interest in “electronic” promotions is taking place on the Internet. These new programs are exciting and engaging. They can drive sales, create brand awareness, stimulate product trial and build brand loyalty. But there are definite parallels to the days of traditional electronic marketing. And the lessons learned in the past can be applied to this new generation of programs, especially if they have a retail component.

The online promotions most applicable to makers of consumer packaged goods (CPG) generally fall into three categories:

1. **Coupons.** Consumers can print out Internet coupons at home and redeem them in stores, or they can receive and redeem them online at certain web sites. The more sophisticated programs can target loyal consumers and treat them differently than occasional shoppers.

2. **Sampling.** A variety of Internet sampling sites have emerged in the last few years that enable marketers to get consumers to try new products. They basically work the same way: consumers sign up on the site, select the samples they want, and then receive them in the mail. Marketers can build a database of consumers who are interested in their brands.

3. **Loyalty Programs.** Various online loyalty programs are emerging that involve consumers earning points and other rewards for purchases online and offline in stores operated by retail partners in the program. The objective is building and maintaining loyalty—to stores, to national brands and to the vendor web sites.

All of these online promotions have the potential to add sizzle to established marketing programs. Some progressive CPG manufacturers and their retail partners may want to get actively involved. If so, then two fundamental questions need to be answered:

1. Should you offer coupons and samples to consumers from a corporate, brand or retail web site?

2. Should you offer these promotions and others to consumers via e-mail?

Obviously, strategy and tactics will vary from company to company. They will depend on how much concern there is about a variety of related topics, such as coupon misredemption, consumer privacy, inadequate support staff and insufficient reach and volume.
Some of these concerns may lead companies to rely on third-party promotion vendors to operate programs from their own sites. So, it’s important to choose the right company to work with—whether you are a manufacturer or a retailer.

Choosing the right vendor of online promotion programs today is the same task that faced trading partners in the past in choosing the right vendor of traditional electronic marketing programs. The hard lessons learned then also apply now.

**The Top Ten**

Here are the top ten points that CPG manufacturers, retailers and even third-party vendors should keep in mind:

1. Retailers don’t want vendors selling their data, especially when there are sensitive issues of ownership and privacy involved. With electronic marketing, the concern was over names, addresses and purchase data from frequent shopper programs.

2. Don’t assume that manufacturers want to fund these programs enthusiastically. “Test” dollars are different from regular promotion dollars and are often controlled by different people. Years ago, manufacturers funded many tests of electronic marketing, but they fully supported only a few. This rule holds true for online promotions, which are funded in the same way. A program is generally considered successful when it is funded by regular brand dollars.

3. Don’t underestimate the chicken-and-egg effect of funding. Retailers are reluctant to participate unless there are a lot of manufacturers supporting a program. Manufacturers are reluctant to participate unless there are enough retail stores to ensure

With online promotions, the concern is over the e-mail addresses, online viewing patterns and purchase information that retailers are collecting from shoppers when they market to them through a third-party vendor.
critical mass. They need critical mass to justify shifting funds from traditional advertising or promotion to new online vehicles.

Don’t fund programs that are too expensive to support for too long. If the vendor goes out of business, both the vendor and CPG manufacturer lose. So does the retailer, if there is a retail component.

There are four major distribution points for online consumer promotions: web sites operated by 1) third-party promotion vendors; 2) CPG manufacturers; 3) retailers and 4) destination sites devoted to special interests. All of them share one thing: the hard work needed to develop and maintain a successful site. It’s a combination of technology and art.

Here are some suggestions on how to do it right:

• Grab them fast. According to a study by the University of Minnesota, if a site doesn’t interest consumers within eight seconds, they’re gone.

• Make the content interesting and fun. The idea is to get consumers to come back to the site often. So don’t make the visit too complicated. Don’t be too commercial or too corporate. Make the visit and the content interesting and fun.

• Change the site often. Changing the site’s graphics and content reduces the risk of boredom—especially for consumers returning often. In addition, changes are one of the criteria used by search engines to find sites and list them among the first ones.

• Less is more. Limit the number and size of graphics on the home page. Smaller graphics load faster, speeding up the viewing process. The likelihood of a user waiting for an image to be displayed decreases exponentially as the size increases.

• Provide a reason for repeat visits. That’s easy when coupons, samples or points are offered.

• Suggest a bookmark. “If you like this site, please bookmark it to help you find us later.” As well as a convenience, a bookmark reinforces brand awareness of the site.

Don’t count on the corporate pocketbook or the venture capital wallet. Some online vendors are entrepreneurial businesses that depend on venture capital. Unfortunately, that’s difficult to come by nowadays. When a start-up company goes for a second or third round of funding, it may not be available. Also, the same thing may happen with a small division of a large company.

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Co-Branding
Is It Right for You?

Allen Adamson,
Managing Director,
Landor Associates

Everyone’s doing it
Pick up any newspaper these days, and more than likely, you’ll read yet another story—if not dozens—about two brands jumping into relationship mode. Not simply of the promotional “Happy Meals” variety, but of the “mating for life” sort.

“Co-branding,” as it’s called, is running rampant with no apparent signs of slowing, even given the cautious economic forecast. In fact, the need for overnight and innovative growth strategies seems, if anything, to have fueled its popularity. What faster way to gain critical mass, catapult into unstaked territory, or refresh a tired image, than through an instant association?

Given this profligate coupling, the questions that should be asked are, “Is faster better?” and most important, “Is a
new co-branded relationship ultimately good—or bad—for the brands in play, in terms of brand equity?” Is the association a strategically sound one, strong enough to sustain time and scrutiny, or is it simply a short-sighted and potentially harmful answer to increased competitive challenges?

Perhaps a good way to sort through this co-branding mania is to think about judging the merit of a co-branding venture the way you might judge those traits that make a marriage successful. My wife once quipped that the best marriages are based on “interlocking neuroses.” What I took that to mean is that the steadiest relationships are those in which both parties are allowed to maintain their individual identities, but in a way that complements and helps bring out the best in the other—all in a mutually beneficial and compatible way.

Finding the Right Partner
It’s certainly a good place to start when it comes to assessing the potential co-mingling of two recognized brands. First, obviously, is self-awareness—a keen understanding of your brand’s identity. You’ve got to know who you are and what you are known and trusted for before you can determine a natural partner. Smart brand managers also realize self-awareness allows you to know who and what you could be.

Then, for a brand marriage to succeed, each must bring those appropriate “interlockable” strengths and assets to the table, and likewise, each must be flexible enough to commit or abdicate authority in certain areas.

Most critical, each must bring complementary and interlocking end benefits to the consumer—benefits that intuitively “feel right” and work together in concert on both the rational and emotional levels. These benefits, when combined, provide increased value to the consumer and a greater degree of relevance.

After all, at the heart of all well-managed brands is a simple promise to the consumer to deliver on the expectations of what the brand stands for. Enhance this promise—and its delivery—and it’s win-win. The merged brands will discover that, as a couple, they’ve expanded their sphere of influence and gained competitive advantage. Consumers will find, quite happily, that one plus one can actually equal three when two brands they’ve relied on as solo players meet their needs and desires better than ever before.

A Fruitful Relationship
By way of example, consider the successful marriage of Starbucks and Barnes & Noble. Starbucks has definitely created a well articulated brand for itself and it realizes it’s about more than just coffee. It’s about sociability, an experience reminiscent of the dolce vita coffee house culture—an inviting and appealing “place to be.” Barnes & Noble venues, more than merely bookstores, are welcoming and social places in which to browse, to relax, to partake of a cultural experience—and now, to do so over a comforting latte. The end game: compatible user groups, complementary brand personalities, and enhanced end benefits for the consumer. They’ve been able to capture a market and differentiate themselves more than any of their respective competitors.

The same can be said for the pending alliance between Starbucks and Microsoft with the offering of wireless Internet access in Starbucks locations. The benefit, again, for the socially oriented, is a familiar community environment in which to access your extended community. First mover advantage—totally connected customer. (If you’re thinking bigamy here, don’t. The world of co-branding has a totally different and publicly accepted code of fidelity.)

Also appropriate to me are Wal-Mart and AOL: a strong marriage that exhibits an understanding of America’s shopping mall culture—online and off. Another shopper’s
dream team: Amazon and Toys R Us. The new and the old economy together for the fast relief of harried parents everywhere. For “fuel yourself” road warriors of every age, McDonald’s and Chevron make a nice match. And looking at Warner-Lambert and Celestial Seasonings, any companies that merge to ease the effects of the common cold have got to have the consumer’s best interest at heart.

An example of brands that took the time to look at themselves carefully before tying the knot are Rosie O’Donnell (yes, she’s a brand) and McCall’s. After analysis, they recognized this was not a match bound to work. Trying to combine incompatible brand personalities can only send confusing messages to the consumer.

And perhaps the most telling example of the need to know yourself and what assets you bring to the party before you jump into a relationship is the dot-com partnership explosion that preceded the dot-com implosion. Internet speed may have its place in the new economy, but not at the expense of some solid brand architecture work. Before all of that venture capital money was spent, these brands should have spent some time defining themselves, their audience and the benefits they provided.

As the marketplace continues to challenge even the most robust players in the areas of growth, differentiation, and wallet share, it will become increasingly difficult to resist the lure of marrying for money. Remember another fundamental rule of branding: it’s easier to destroy a good brand than to create one. The prizes for the winningest co-branded relationships will go to those who follow these tried and very true rules: Know who you are; know and respect who you’re partnering with; and do it as much for the consumer as for yourself.

Allen Adamson is Managing Director, Landor New York. Landor Associates is the world’s preeminent branding and strategic design company with clients that include FedEx, Morgan Stanley, Microsoft, BP, Delta Air Lines, Procter & Gamble, PepsiCo, The Limited and Kraft. To contact Allen, you can call 212-614-5050 or email him at allen_adamson@nyc.landor.com. To learn more about Landor, you can call 1.888.2LANDOR or log on to http://www.landor.com.

Tips for a Lasting Relationship

Whether the marriage is made in heaven or the marketplace, don’t take your vows unless you know:

1. Have you looked around enough?
   - What are the criteria/guidelines to evaluate and support the decision to partner or not?

2. Will you get as much as you give?/Will it bring out the best in you?
   - What is each brand’s relative contribution to the partnership?
   - Will the partnership enhance your brand?

3. Who’s going to wear the pants in the family?
   - Is the relationship dominant, shared or endorsed?

4. How much can you still get on the side?
   - Exclusivity is not required—pursue additional options that would not be inconsistent.
   - Make sure your name and presence will be felt across all touch points.

5. Will you grow old together?
   - Define the scope and duration of the partnership.
   - Maintain an active leadership role in the marketing execution to ensure a better outcome.
Consumers have never had a wider array of shopping options for purchasing consumer packaged goods. The convenience, drug, club, mass merchandiser, superstore and dollar store channels now offer consumers the opportunity to meet their shopping needs for products that were once primarily purchased in the grocery channel alone. Consumers are taking advantage of these opportunities by shopping in three, four and five different channels. Consumers may purchase produce from an organic grocery store for unequaled freshness and quality while picking up toiletries at the nearest mass merchandise retailer for the lowest price and best selection.
This increased trend in consumer shopping options has come at a time when retailers have more information and insight into the key performance measures of their business and the shopping habits of their target consumers. Retailers need to focus more on their core (loyal) customers to deliver selection, promotions and price for the key items that these core customers purchase. Retailers also should be targeting the core customers of their competitors with price, promotion, advertising and database marketing. This information is being combined with more sophisticated management of retail store profitability to generate some very interesting and innovative merchandising solutions.

Have you seen beer on display together with impulse items at your local convenience store? Convenience store chains were able to determine, through their purchase data and panel data, that beer was a strong destination category, and found that buyers could be enticed to pick up impulse items as well.

In neighborhoods or regions where there is a higher concentration of elderly consumers, the high-margin health and beauty aid category is also merchandised in the center of the store where the most consumer traffic occurs.

Does it seem like aisles are configured like a maze at the local mass merchandiser, drug or grocery store? Retailers are using their aisle configurations to make sure that consumers are exposed to additional high-margin impulse purchases during their visit to maximize shopping trip sales and profit.

And a number of top grocery chains, in response to the success of natural food stores, are implementing special boutique departments that might include organic dairy, produce, frozen foods, health and beauty care, and other merchandise that appeals to health-conscious consumers.

The consumer trend of maximizing purchasing power by shopping in several channels is forcing retailers to become much more innovative and creative in their store merchandising. These creative merchandising solutions are working to make the shopping experience more enjoyable, to increase the loyalty of core consumers, and to maximize the sales and profit from these key consumers.
Managing Trade Promotion Spending... An On-going Challenge

Patrick Dodd continued...

- In the U.S., the top five retailers account for 40% of total U.S. supermarket sales. Four years ago, the top five retailers represented a mere 20% of sales volume.

Additionally, there are indications in Canada that there has been a reduction in the volumetric lift associated with manufacturer-backed trade promotion activity. This appears to source to less aggressive promotional pricing levels which may well be driven by the shift from high-low to discounter-style EDLP pricing strategies.

Given all these factors, ACNielsen Canada will be focusing even more on solutions and expertise that will support our manufacturer clients’ ability to build trade promotion budget efficiency.

This will be true on a number of fronts, including...

- Integration of promotional planning measures, e.g., baselines and merchandising conditions, into our core retail measurement product (MarketTrack);

- Trade-management specific tools and applications that seamlessly integrate the data required to benchmark performance and plan future activity;

- Consulting and training by seasoned professionals;

- Continued development of our current suite of KnowledgeWorks modeling and consumer panel solutions.

I encourage you to contact your ACNielsen Canada representative for more details. 

Now Is The Time...

Tim Callahan continued...

- Am I building relationships with my customers versus simply selling them products?

- When my customers are not shopping in my stores, where are they shopping and how can I gain a greater share of their spending dollar?

- Am I keeping the product and innovation pipeline full?

- Am I understanding my category in the broadest perspective possible versus narrowly defining it? Are there opportunities in adjacent categories?

- Am I establishing clear success metrics along the way, so I know if I’m making progress?

- Most important, do I celebrate successes as a means to motivate my organization?

The answers to these questions and more get to the core of what we at ACNielsen can provide through the insights we’ve developed from measuring consumer purchasing behavior around the clock. It’s in tight times like these that we stand firmly with you as your trusted advisor, guiding you in your decisions that lead to accelerated revenue growth.

To that end, if you have not made plans to attend our upcoming Category Masters Conference, August 20-23, 2001, in Boca Raton, Florida, I strongly encourage you to register today. Under this year’s theme of “Unleashing the Power of Category Insights,” you’ll gain first-hand experience with the tools, services and products that bring you closer to your customers than ever before. You’ll also learn how technology has become the enabler of our times. 

I encourage you to contact your ACNielsen Canada representative for more details.
SAVE THE DATE!

Plan now to join hundreds of representatives from the industry’s top retail and consumer packaged goods companies in North America at Category Masters, the premier industry event to learn and exchange knowledge on consumer-focused category management business processes. Through workshops, presentations and networking, you will gain the tools to convert your conference experience into solutions that will impact your organization.

A Category Masters conference brochure and registration form is being mailed to our clients in June. Conference registration is also available on the Internet at http://categorymasters.com.

We hope to see you at Category Masters!
Make Store Level Information More Effective

Today, more and more marketers are looking at store-level information to help understand and improve their overall sales performance. But with store-level detail comes a flood of information, typically making analysis more time-consuming and difficult. With ACNielsen Store Level Solutions, store level analysis just got easier! Now you have a way to perform micro-marketing analyses efficiently, gaining more insight in less time.

ACNielsen Store Level Solutions is an integrated data and application tool that provides sales and marketing managers with information for every store within a census retail trading area via CD-ROM delivery. You simply choose the trading area, weeks and products you wish to evaluate and the application will provide the store-by-store insights to help drive your overall success.

With ACNielsen Store Level Solutions, pre-formatted templates have been created to identify issues such as items not selling, out-of-stocks, competitive pricing, price creep, cumulative distribution tracking, store importance, volume opportunities and quadrant analysis. Data sets can contain select items, brands, subtotals and client-defined or ACNielsen syndicated category totals.

In addition, Store Level Solutions offers a store clustering capability that allows you to create your own custom store groups on-the-fly, giving you customized insights into your business.

Use ACNielsen Store Level Solutions To:

- Increase the productivity of your sales force by quickly identifying distribution opportunities.
- Monitor the execution and impact of a new product launch to achieve maximum success.
- Ensure proper pricing strategy and cooperation at the retailer to maintain a competitive presence.
- Identify individual store importance to the total chain.

ACNielsen Store Level Solutions can help you make more informed decisions, faster. Using standard templates and custom capabilities, Store Level Solutions is your answer to managing store-level information to improve your sales results.

Cross Category Analyses Made Easy

From understanding cross-category interactions to reviewing category adjacencies to setting strategy for your products, ACNielsen Strategic Planner™ can help you identify key insights for success. And Strategic Planner makes it all easy and affordable.

ACNielsen Strategic Planner is a single, syndicated database containing total U.S. channel information plus over 120 syndicated regions and markets across all product categories. The single database allows you to move quickly across markets and categories without accessing multiple data sources. The syndicated category definitions make evaluating large amounts of data affordable.

Ongoing subscriptions to all or “slices” of the Strategic Planner database are available utilizing ACNielsen Workstation Information Server/NITRO, ACNielsen’s industry leading online query tool with unique data customization capabilities. For occasional needs, one-time access to smaller selections of information is available through the ACNielsen Service Bureau. Mix and match ongoing versus Service Bureau delivery based on your individual needs.
Finally...A One-Number System for Collaboration

At last, there's a one-number system for collaboration at the trade desk. Introducing Category Business Planner. Category Business Planner provides the common ground for a true meeting of the minds between retailers and manufacturers. How? By delivering category information in the retailer's customized view. Powerful web-enabled tools let your drill down and do in minutes what once took weeks. Imagine, the hours you once spent on data compilation and analysis can now be spent working together to create thoughtful, effective category plans. Your productivity will be improved and your business partnerships strengthened. Finally, you can realize the full potential of category management.

Category Business Planner presents insights in a manner that is intuitive for you to understand, quick to learn, fast to use and comprehensive in its ability to create actionable strategies and tactics. Accessed through the ACNielsen Answers™ web portal, Category Business Planner uses patented modeling technology, delivering alerts and headlines for drilling down into the data to understand what is going on with a given category and why.

Category Business Planner gives you:
• A structured business planning process.
• Narrative headline observations.
• Detailed summaries to support headlines.
• Decision-ready information displays.
• A single view into ACNielsen's scanning and consumer data.
• Retailer endorsed geographic market, competitive marketplace and category structure.
• Publish and subscribe; agents and alerts.
• Internet browser access; “zero client.”

For more information visit http://acnielsen.com/cbp.

Assess Company Performance Against Customer Service Standards

Does your staff frequently interact directly with your customers? Do you know how well your staff services those customers?

ACNielsen’s Mystery Shopping capabilities can provide you with an assessment of your company's performance against your chosen customer service standards. Anonymous ACNielsen “mystery shoppers” play the role of your customers, interact with your staff as a customer would, and record the detailed results of their experience versus your service standards. This provides you or “clients” with a benchmark of performance, as well as highlighting the areas of customer service that require improvement.

ACNielsen Mystery Shopping Services allow you to:
• Benchmark your customer service performance versus your standards
• Benchmark your customer service performance versus your competitors
• Identify and target areas for improvement
• Receive actionable information
• Conduct complex, sensitive mystery shop programs

For more information, please contact Michele Gebe at Michele.Gebe@acnielsen.ca.
**The Next Generation in Pricing Software**

**Priceman** is the industry standard for retail strategic pricing. In fact, it is the only strategic retail pricing application on the market today endorsed by the Professional Pricing Society. And it just got better with version 3.0.

With version 3.0, you gain these added improvements:

- True 32-bit Windows-based environment which takes full advantage of Windows features
- Client server application, also available as a stand-alone product
- Increased zones (20), flags (6) and hierarchy levels (10)
- 20 new user-defined fields, numeric (10) and text (10)
- Customizable column heading
- Completely rewritten overview
- Column to indicate what percent of total profit dollars each item generates
- Easy-to-use for today’s retailers

Priceman is the desktop application that makes it easy for you to simulate unlimited pricing scenarios to achieve maximum profits. It gives you the power to develop your category pricing to target your ideal profit margins instantly. You can use it to develop rule-based pricing models that optimize your earnings and give you better control over your bottom line.

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**Information to Succeed**

Successful retailers will be those who use consumer, category and channel information to target growth via advertising, merchandising and promotional activities. Efforts should be focused on expanding the vital products and services to capture a greater share of core or heavy shopper spending. Also keep in mind that long term growth of a retailer’s shopper base is driven by the ability to capture new shoppers and to increase loyalty among occasional shoppers.

In addition, retailers can attempt to make the shopping trip more pleasurable by enhancing their consumers’ shopping experience. Some offerings that progressive retailers are using to re-invent themselves include: drive-through and drive-up service windows, indoor food courts, on-site gasoline pumps, book sections with seating, online ordering and home delivery, self check-out counters, cooking classes and more.

Successful manufacturers will be those who help their retailer customers and themselves with channel-specific targeting of products and promotions. Manufacturers need to capitalize on the channel shopping diversity of heavy category buyers through expanded distribution. Channel expansion should be handled through tailored product offerings, not through increased distribution of the same offerings across all channel offerings. Match product offerings to the demographics of channel shoppers or to shopping behaviors within the channel.
Upcoming Industry Events

**June 8–11**
Grocery Manufacturers of America (GMA)
Executive Conference
The Greenbrier
White Sulphur Springs, WV

**June 29–July 02**
National Association of
Chain Drug Stores (NACDS)
Marketplace Convention
Booth #1060
Las Vegas Convention Center
Las Vegas, NV

**July 15–17**
The National Piggly Wiggly
Operators Association
85th Anniversary Convention
Washington Convention Center
Washington, DC

**August 20–23**
Category Masters
ACNielsen National
Customer Conference
The Boca Raton Resort & Club
Boca Raton, FL
Quantify Shopper Loyalty

Homescan Cross Outlet★Facts helps you determine the core and occasional shoppers for a retail account and the extent to which they shop in competitive stores for specific product groups. By revealing which product classes chain shoppers shop the competition for, Cross Outlet★Facts is also an instrumental category development tool pinpointing which categories are potential opportunities and risks.

Cross Outlet★Facts gives marketers a competitive advantage by understanding where else retailers’ core and occasional shoppers are shopping and what they are buying. Used in conjunction with ACNielsen Homescan’s other syndicated reports, Consumer★Facts, Channel★Facts and Account Shopper Profiler, you can gain a complete sales story for key retailers in each market.

Cross Outlet★Facts Features:
• Over 120 product groups across 10 departments
• Coverage in 21 local markets
• Over 1,000 shopper groups for key retailers
• Cross-shopping insights for almost 200 major channels and retailers
• Custom options also available

Help for Strategic Category Planning

The challenge in today’s world is not in obtaining more information, but rather in finding how to measure, how to interpret, and how to effectively implement against the analyses.

ACNielsen Homescan Category Management★Insights takes an innovative approach to strategic planning and solving category management issues. Using data from industry-recognized ACNielsen Homescan applications, the seamless Category Management★Insights database can help you define your strategy and build your category management process.

Category Management★Insights has captured the attention of manufacturers and retailers alike. Using a powerful template set, you can gain insights from consumer shopping behavior to develop corporate, category and brand strategies. Uncover the importance of individual product categories to a specific chain. Pinpoint which categories appeal to existing customers and/or target consumers. Or find the categories that can be used to build loyalty and/or frequency.

Check out these Category Management★Insights updates!
• Category Management★Insights is now compatible with custom product stubs
• Export to PowerPoint feature is now available for charted output

Release date: June 2001

Gain Valuable Insight into New Product Performance

Homescan New Product★Facts combines ACNielsen’s Homescan panel information with the new product capabilities of ACNielsen BASES. New Product★Facts provides the industry’s first-ever look into the introductory performance of more than 1,000 new brands and line extensions—more than 4,000 individual items, all with trial and repeat statistics.

Learn how a new product introduction stacks up against benchmark products. Understand why a new product succeeds or fails. Use normative data to forecast new product sales. And with Excel-based templates that offer computer-generated key findings and tabular or charted output, information can be analyzed effectively to quickly focus on key business opportunities. New Product★Facts can do this and more—it is a must for both manufacturers and retailers needing insight into new product introductions.

Release date: August 2001

Understand Total Category Purchasing

The Homescan Fresh Foods Consumer Panel, consisting of 15,000 households, measures total category purchasing of both UPC and non-UPC products. Manufacturers and retailers alike can achieve full category management by understanding the interrelationship between fresh and UPC-coded products. Now, access to fresh food analyses has been made even easier with the Fresh Foods Syndicated Reports.

The Fresh Foods Consumer★Facts Report provides insight into consumer purchase behavior for fresh categories and provides a complete category view by including UPC-coded category counterparts. Purchase measures such as penetra-
tion, buying rate and loyalty help illustrate consumer behavior and category importance to the overall marketing mix. Demographic variables and sales measures are presented across key trade channels to gain a more complete view of the fresh foods consumer.

The Fresh Foods Channel Facts Report highlights similarities and differences among category buyers within key retail channels and accounts. Fresh Foods Channel Facts enables retailers and manufacturers to understand channel preference, buyer conversion and promotion/pricing effectiveness. In addition, specialty outlets, such as bakery, butcher, fruit stands and coffee shops are included to help marketing efforts against alternative channels.

The Fresh Foods Syndicated Report features data for Total U.S., four census regions and seven local markets including the newly released Philadelphia. Custom options are also available.

Release date: June 2001

Homescan Los Angeles Hispanic Panel Expansion

The Homescan Los Angeles Hispanic Panel has expanded to 1,500 households in response to the increasingly important Hispanic market. The panel uses language preference as a barometer of acculturation, enabling marketers to go beyond broad Hispanic/non-Hispanic comparisons to understand behavioral differences within different segments of the market.

The panel consists of a representative number of Los Angeles Hispanic households, including those in which Spanish is the language of choice. This enables the community to be segmented by language preference, a determinant of acculturation.

The fast-growing Hispanic segment offers significant opportunity for marketers. Understanding the unique product preferences and attitudes that shape Hispanics in the U.S. will enable manufacturers and retailers to target marketing, merchandising and promotional efforts more effectively.

The ACNielsen Hispanic Consumer Facts report, available now, captures the unique shopping habits and purchase preferences of Hispanic consumers on an all-outlet basis. Category and brand-level information within more than 700 product categories and 1,400 brands reveals a wealth of consumer insight into the buying behavior of Hispanic households.

Evaluate Retailer Category Performance

ACNielsen’s Shopper Watch is a simple but effective tool designed to aid in the evaluation of retailer category performances and identify strengths, weaknesses, opportunities and competitive threats. Based on the Homescan panel and supported by push button templates using Workstation Plus, it facilitates rapid category analysis and reporting.

Shopper Watch Provides Insight Into:

- Products that represent opportunities to increase sales with a retailer.
- Items that are not generating expected sales given the overall performance of the retailer.
- Products that are not generating expected sales given the overall consumer loyalty to the retailer.
- Where else a buyer group buys each product and how much they spend there.
- Which items within a market are more likely to be purchased at other retail outlets.
- The buyer group’s readiness to buy in any outlet.
- The percentage of households buying each product by retailer.

Shopper Watch Gives You:

- Retailer Share of Expenditure—how much of the household’s expenditure goes to each retailer?
- Store Loyalty of buyer groups—the percentage of a retailer’s shoppers’ expenditure in that outlet.
- Retailer Lost Expenditure—where else are they spending and how much?
- Prosperity of buyer groups—the importance of each shopper group to the market (a measure of preference).
- Conversion of buyer groups—the effectiveness of a retailer in capturing category buyers that are current shoppers.

For more information, please contact Paul Craft at Paul.Craft@acnielsen.ca.

See us on the Web http://acnielsen.com/ci or call 1.800.988.4ACN
ACNielsen Canada is pleased to announce the launch of ACNielsen Advisor. ACNielsen Advisor offers clients fast, easy, secure access to ACNielsen reports and analyses on the Internet. ACNielsen Advisor paves the way for ACNielsen client service professionals to communicate and collaborate with clients in a managed community on the Internet.

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For more information on ACNielsen Advisor, contact Peter Townsend at Peter.Townsend@acnielsen.ca.

John Karolefski, formerly editor-in-chief of Brand Marketing magazine, writes about technology and marketing issues. Some of the material in this article was adapted from TARGET 2000: The Rising Tide of TechnoMarketing, a book he co-authored with Carlene Thissen, president of Retail Systems Consulting, Naples, Fla. She served as a valuable resource for this article.

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Understand the retail environment. Vendors and manufacturers need to understand the changing grocery industry, especially since some retailers have grown so large and powerful through consolidation.

Don’t underestimate the complexities of retail point-of-sale (POS) systems. Great strides have been made, but remain wary and research beforehand if the online promotion ties in to the POS system.

Find out the experience of the management team. Who is running the company and what is their experience in CPG promotions?

Don’t get enamored with the technology. Ask yourself: Does the promotion really help manufacturers and retailers? Can everyone see and understand the benefits?

Don’t forget the consumer. Does the online promotion enhance the shopping experience? Does it benefit the consumer?
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