provides an additional incentive for people to accept the challenge.

Events—either brand-specific or generic—offer wide scope for limited-time discounts. In France, the chocolate brand Milka offered a price incentive as well as a contest in a promotion related to the release of the movie “Ice Age.”

When carefully managed, price promotions coordinated with above-the-line advertising can make both retailers and consumers happy. An excellent example of above-and below-the-line activity working in synergy is the launch of Arla Foods’ Cravendale milk in the UK.

The brand’s initial roll-out delivered disappointing sales because of weak advertising and poor integration between advertising and promotion. A new campaign was developed which incorporated the theme “tastes so good, the cows want it back” throughout the entire marketing mix. TV ads featured stalking cows tainting Cravendale buyers. Shelf signage referenced the cow’s message (“We want it back!”) in the style of a ransom note, with cut-out letters and a hoofprint. Door drops in the same style were used to distribute coupons. At the same time, Cravendale’s packaging was redesigned to clearly set it apart from other brands of milk.

Sales of Cravendale took off, and systematic analysis of controlled regional tests made it clear that the success was due to the combined effect of all the elements. Neither the in-store activity nor the door drops had major effects on their own, but when they were used in combination with TV advertising, the sales result produced was greater than what would have been predicted from the results for each activity conducted in isolation.

No point of view on point of purchase would be complete without reference to in-store video and audio systems. These relatively new and technologically advanced devices have the potential to communicate far more than is possible through a static sign. Though advertisers seem particularly interested in video, the Arbitron Retail Media Study suggests that audio may actually have more impact at the point of purchase. Of respondents who claimed to have been exposed to each medium, those exposed to audio reported more unplanned purchases than those who viewed video (41 versus 29 percent).

Audio probably enjoys an advantage because it requires less of shoppers. To receive a message from a video screen, people must stop and look, while audio can deliver a message to people as they review their shopping list or scan the shelves. For both in-store audio and video, audio cues are critical to brand recognition. Memorable jingles, slogans and claims associated with the brand from broadcast advertising will likely drive the effectiveness of in-store advertising of both types.

Whether they invoke the most recent technology or tried-and-true traditional methods, CPG marketers looking for an edge will take advantage of opportunities at the point of purchase. At that critical moment of truth, the right message can make the path to purchase both inviting to consumers and profitable to brands and retailers.

For more about Point Of Purchase, see www.mb-blog.com

Making the Most of the Moment of Truth

In every CPG/FMCG category, the point of purchase is the critical moment of truth when a consumer facing a shelf of competing brands makes a decision to part with hard-earned money for just one of them. But the best efforts of brand marketers to influence that decision are often diluted by in-store activities designed to drive volume. What mix of activities will best drive sales and profit over the long term?

The path to purchase begins when a consumer recognizes a need, and ends when a brand is selected to satisfy that need. Brand marketers work hard to ensure that their brand is one considered by consumers on that path, using above-the-line communications to build consumers’ predisposition to that brand. However, that predisposition, or “demand” for the brand, can be diverted to another brand by activities designed to activate sales at the point of purchase. Stimulating sales “activation” with price promotion may build volume for a brand, but the growth will come at the expense of short-term margins, and, possibly, long-term brand equity. How can brand marketers extend the influence of their above-the-line activities inside the store, to continue building brands at the point of purchase while also stimulating additional sales?

The point of purchase is a complex environment, subject to the potentially conflicting interests of three parties: the brand marketer, the sales or trade marketer, and the retailer CPG/FMCG companies need to satisfy all of them or risk damage to their brands. Failure to invest in effective sales activation may result in a loss of volume sales for a brand. Retailers, who care about category value, not brand share, may then reduce features and shelf space for the brand, possibly setting off the brand’s death spiral.

Yet over-spending on price promotions can also bring about a brand’s demise. Once consumers have been taught to look for deals, margins begin to erode, creating a need to drive volume with additional promotions. If these promotions come at the expense of advertising, which could prop up the brand’s sagging equity, it will grow ever harder to resume charging full price for the brand.

It is up to the brand marketing team, the group most concerned with the long-term equity of the brand, to prove the value of their demand-generating initiatives. Unfortunately for them, this is usually difficult to do, because the more immediate influence of point-of-purchase activities tend to swamp the effects of the above-the-line activity which preceded them. Most market mix models identify trade promotion as a more important driver of sales than advertising. This type of analysis, however, focuses on the short-term, incremental movement in sales, which represents a minority of total sales volume for a brand. It
is like measuring the height of the ripples on a river, rather than measuring its speed or depth. To really understand what drives the majority of purchases, we need to look beneath the surface.

Millward Brown’s D&A methodology aims to provide a consumer-centric and holistic view of why people make the purchase decisions they do.

**Results Summary**

<table>
<thead>
<tr>
<th>Category</th>
<th>Demand in Activation</th>
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<td>Beer Off-Trade (USA)</td>
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<td>CPG</td>
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<td>Non-CPG</td>
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<td>Home Entertainment (Germany)</td>
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These surveys confirm that purchase decisions in most categories are driven more by pre-existing brand demand than by in-store sales activation. The chart above summarizes these findings. The influence of brand demand is highest for off-trade beer in the United States, and lowest for home entertainment electronics in Germany. Activation has more influence in categories outside of CPG, reflecting the higher degree of involvement typical of infrequent purchase decisions.

**Brands that have iconic properties can leverage them in-store to good effect.**

Most shopping for CPG categories is habitual. Because grocery shopping is a routine chore, people tend to develop systems which help them to shop efficiently. Either they rely on lists, or they use navigation aids to remind them what to buy, such as turn left at the meat counter, pick up coffee, then move on to the cheese section.

Because most shoppers want to find what they need as quickly and easily as possible, the time allotted for making each selection is short. People spend just three to seven seconds scanning for their usual brand or deciding among the alternatives.

Therefore, to use the point of purchase to your brand’s benefit, whether it is to divert a purchase from another brand, or to strengthen your own brand among current customers, you need to engage the shopper’s attention. Offers of reduced price will gain the attention of bargain seekers, but other activities are needed to speak to people who value brands over price. The basic elements of packaging, signage, and display are all replete with possibilities for engaging shoppers and extending the influence of above-the-line activities into the aisle. Though often overlooked, all of these elements have the potential to trigger recognition and brand associations, and reinforce brand values.

These point-of-purchase activities help to build brands in three different ways. Packaging, signage, and display can build brands at the point of purchase by:

**Reminding people of the brand**

Packaging, signage and display material can all spark recognition of a brand, and evoke related thoughts, feelings, and memories, provided that the images used are iconic and simple. Brands that have iconic properties from packaging, advertising or usage can leverage them in-store to good effect.

**The point of purchase provides a great opportunity to expand upon the brand’s messaging.**

In the UK, Guinness recognized that their loyal drinkers needed little prompting to buy the brand. Others, however, who considered Guinness an acceptable choice but didn’t drink it regularly, needed a reminder. To encourage those customers to buy Guinness, large replicas of glasses of ice-cold Guinness were added to either side of the shelf display. Spanning multiple shelves, the models were visible from every point in the beer aisle and helped to increase sales by 27 percent. Research conducted by UK company RMS found that a similar display helped Unilever’s Pot Noodle brand generate a 19 percent increase in sales. Extending perpendicular from the shelves into the aisle, banners adorned with giant Pot Noodle cups faced shoppers as they moved down the aisle, and served to lure them to the section. Displays such as these draw their strength from their simplicity. Too many brand-building promotions fail because they are too complex to execute, or too costly to generate a profit.

**Augmenting the brand’s message**

Attraction to a brand is often founded on multiple factors, and broadcast media can only achieve so much. The point of purchase provides a great opportunity to expand upon the brand’s messaging, particularly when it focuses on brand experience. The key, however, is to hold peoples’ attention by providing something they find interesting and relevant. Many brands use recipes, nutrition and diet information, or details of provenance to good effect.

Sometimes it pays to appeal to the end-user as well as the shopper. P&G’s Kandoo brand of flushable toilet wipes successfully engaged children simply by using appropriate shelf-placement. P&G persuaded retailers to place the packages on the lower shelves, where they would be at a toddler’s eye level. They also enhanced their displays by featuring the product’s frog mascot to attract children’s attention. According to P&G, before running any TV advertising, awareness of Kandoo in the United States had reached 50 percent.

**The key to using discounts effectively is to ensure that they are seen as discrete events.**

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While most people love a bargain, discounting a brand’s price isn’t the only way to convince them they’re getting a good deal. If shoppers can be persuaded to view a brand’s price in a different light— one in which the brand is seen to offer something different— then a premium price may be justified. In the UK, Fairy dishwashing liquid has consistently supported a brand proposition that its concentrated format lasts longer than other brands. Point-of-purchase materials which evoke those advertising memories will ease acceptance of the price premium.

While brand-building promotions are the ideal means for extending the influence of above-the-line activities to the point of purchase, there is no avoiding the need for price promotion to help drive volume. But such promotion does not need to be brand-eroding. The key to using discounts effectively is to ensure that they are seen as discrete events, not part of a continuing program that consumers may interpret as a sign of declining quality.

For brands that have a new or unrecognized product benefit that offers a genuine advantage over the competition, a “limited-time-only” price promotion can be a very effective means of stimulating trial. Actimel, a probiotic yogurt drink which is positioned as an aid to the immune system, offers consumers the Actimel Challenge: a money-back guarantee if they don’t feel better after using Actimel for two weeks. A price discount on a two-week supply.
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D&A™ Results Summary

![Graph showing the percentage of sales due to demand/activation across different product categories.]

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