PromoTrack™ 2021

Your Essential Guide to Planning Effective Promotions in a Post-COVID World

About IMI

Promos are what we are best known for, but really only a small part of what we do.

A typical week involves chatting big picture strategy with our clients, and how great insight can feed that strategy. We also spend a lot of time quantitatively testing and optimising new ideas, be it packaging, promotions, new products, advertising/comms, or pricing. This is where we feel we really excel.

We very much see ourselves as best-in-class problem solvers who think and behave as trusted advisers, and a true extension of our clients' marketing/insights Teams.

We love our clients.
We love our colleagues.
We care about data quality.
We focus on bringing you growth.

PromoTrack™

PromoTrack™ (turning 20 this year!!) is *the* single best asset available for:

- Upskilling your Team – make better decisions NOW
- Preventing common pitfalls of running promotions
- Optimising promotion architecture - remove unnecessary spend and barriers to entry
- Improving the likelihood of running a successful campaign by targeting the right shopper

For agencies, a lot of feedback is that marrying our insight to your creativity and execution is a better result for everyone – agency, client, and shopper.

For brands, it will arm you with better tools for scoping, briefing, decision making, and ultimately driving brand and volume.

For everyone, it will arm you with a deeper understanding of the attitudes, behaviours, and underlying psychology of why promotions succeed or fail.

*Unless otherwise stated, N=610 respondents were surveyed in early June 2021 . General population aged 15-65. 20 minute online survey.

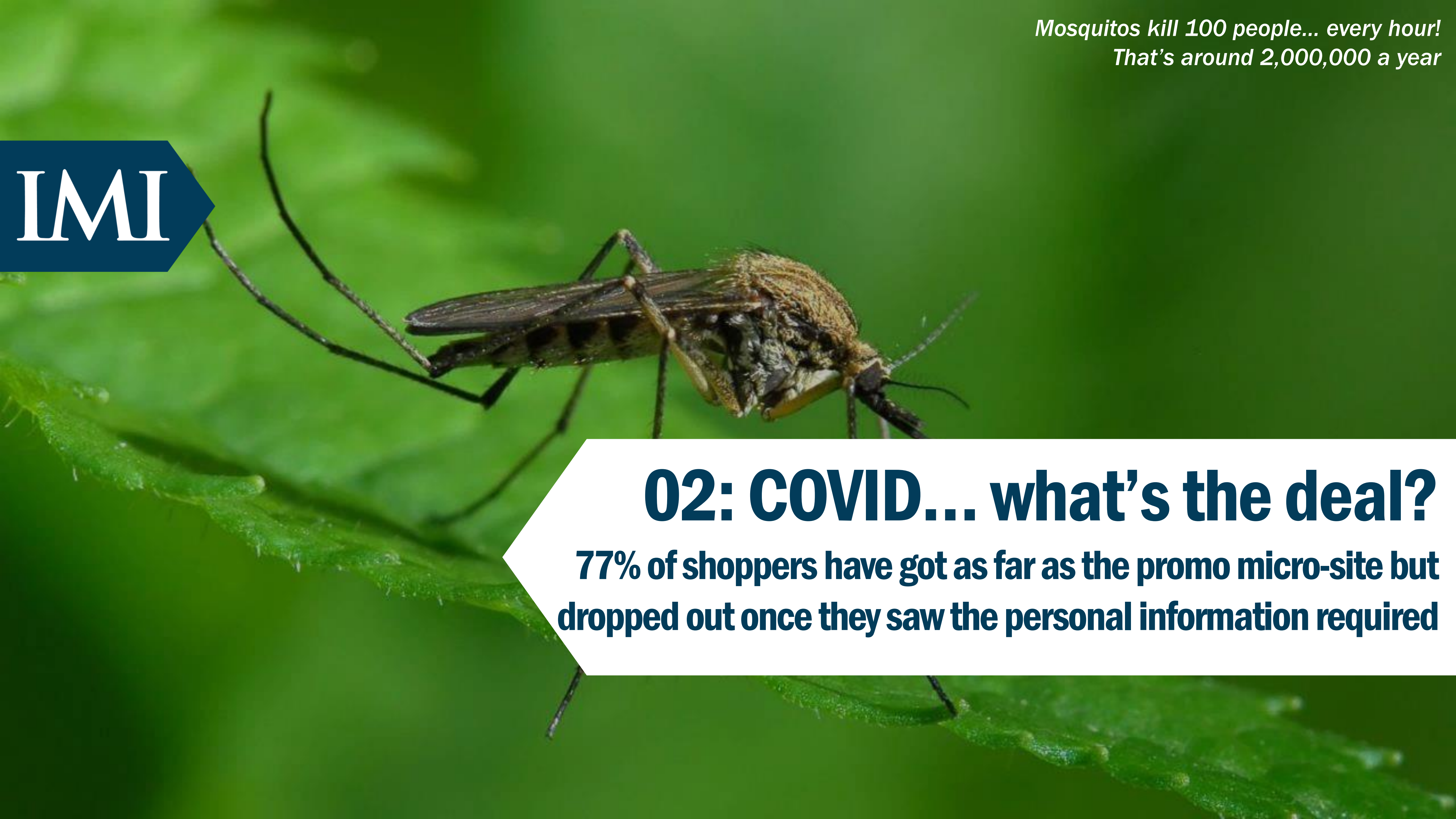
Where to now?

Over 40% of launched promotions should never have made it past the idea-stage. It's far cheaper and easier to fail in research than on the supermarket shelf. Test your gut and FAIL EARLY!

Using IMI's Flagpole™ platform , you can concept test ideas for as little as $1,000 per idea in a highly robust, ad hoc study tailored to you / your clients. This can all happen in 5 business days! Time or Budget are no longer excuses for not crossing t's and dotting i's.

We also recommend dusting off the boardroom table, ordering some triangle sandwiches with the crusts cut off and booking a Best Practice Workshop for your Team. In 90 mins we will bring this document to life and maximise its benefit to your organisation.
Tailored to your categories.
$1,500 + travel expenses.

Contents



Mosquitos kill 100 people… every hour!
That's around 2,000,000 a year

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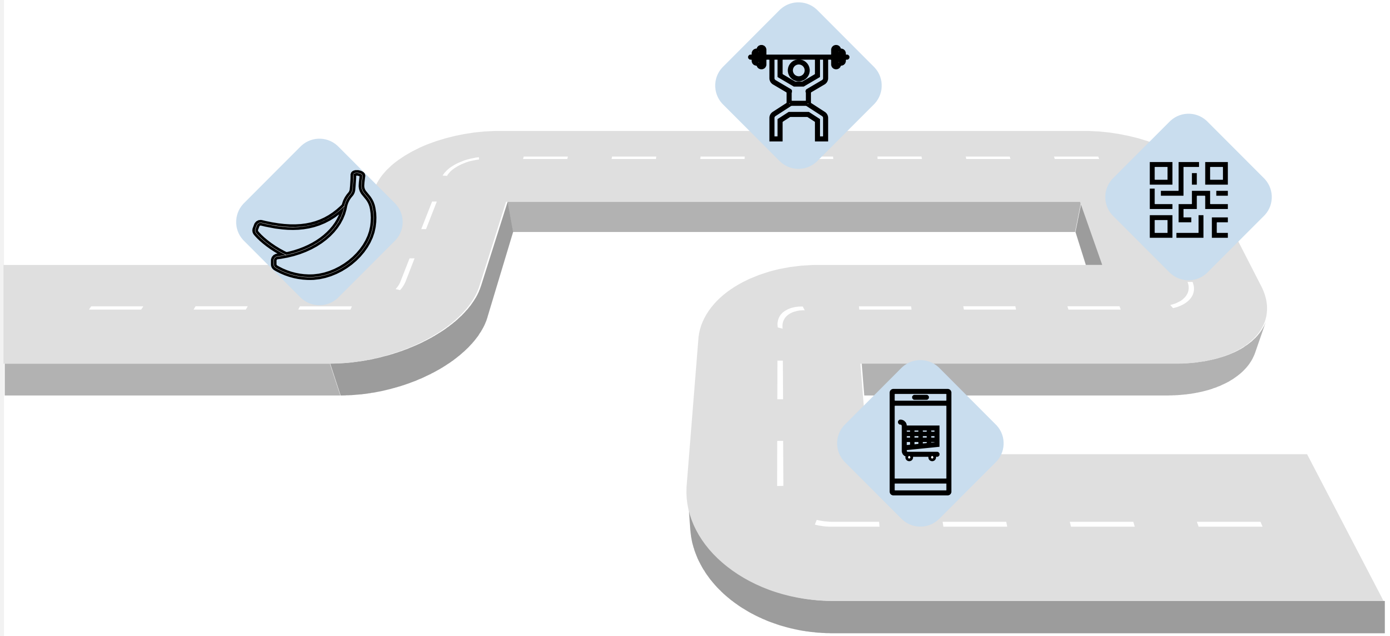
02: COVID… what's the deal?

77% of shoppers have got as far as the promo micro-site but dropped out once they saw the personal information required

The promotional perfect storm

2020 saw a lot of us stuck inside, away from our beloved restaurants, pubs, cafes and fast food. It meant many things; banana bread, an almost tripling of home exercise equipment sales, an 8-fold increase in QR codes being viewed as an acceptable entry mechanic, soooo much online shopping… and ultimately, a sharp increase in disposable household income. So how are we spending this disposable income when our favourite cafes are closed?

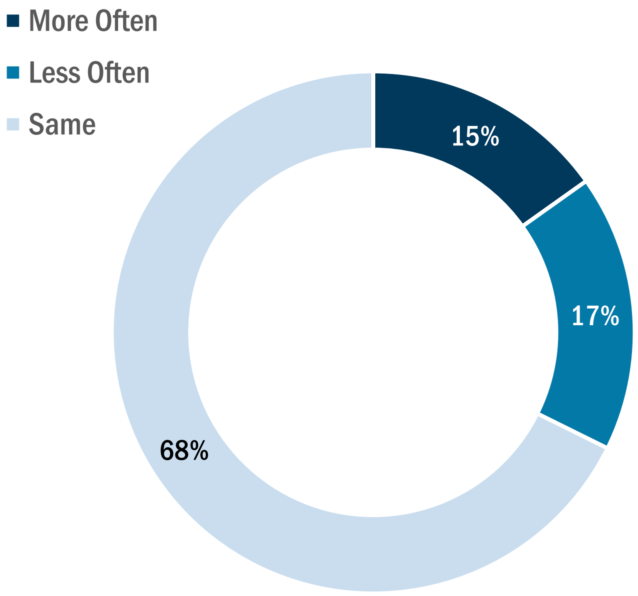


On brand-name anything in the supermarket, of course! Right Shopper's purse strings have never been looser. Brand name products are fighting for share more with other than with home brands. Promotions can capitalise on this increased willingness to pay more for goods, and the increased desire for fun/escaping the day-to-day.

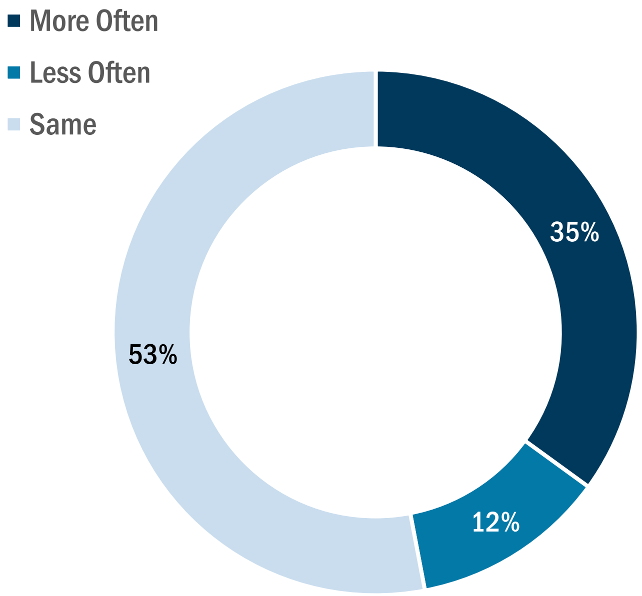
The appetite for promotions remains very strong

In Do you look for promotions (where you have the chance to win something) being offered prior to purchasing them more often, less often or the same as you used to?
Do you think that the products that you find in the supermarket should be offering more, less or the same number of competitions and promotions as they are currently?

8 in 10 say they are seeking out promotions the same or more



9 in 10 say products should be offering the same or more promotions than they are currently



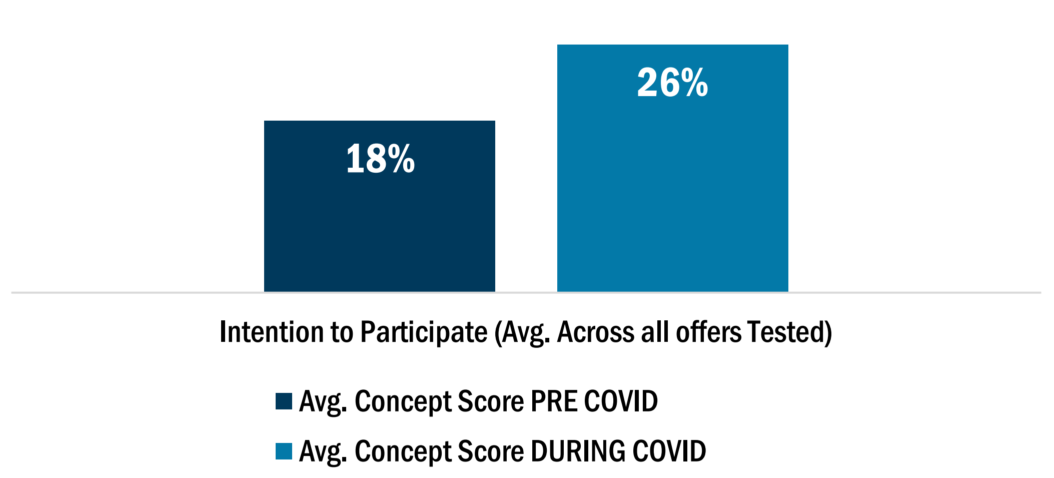
...yet 30% say there are noticeably fewer promotions being offered in the market

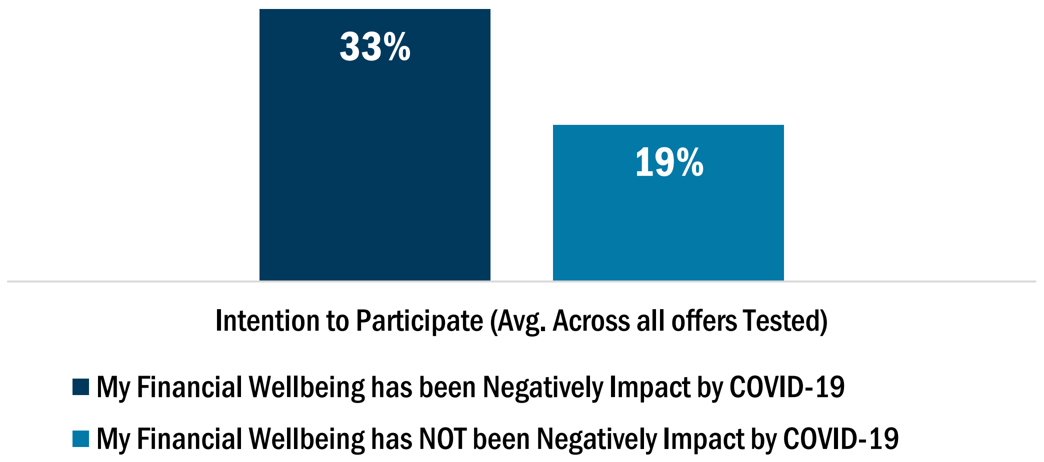
Predisposition to promotions has never been higher than during COVID… and the more financially impacted, the stronger this desire

This chart shows the average % Very Likely to Participate in 100 promotional concept tested prior to COVID, and then those same concepts tested during COVID.

Consumers are screaming out for some escapism, fun and value-add that goes beyond just price…

… and the more the household was negatively effected, the stronger this desire for promotions.

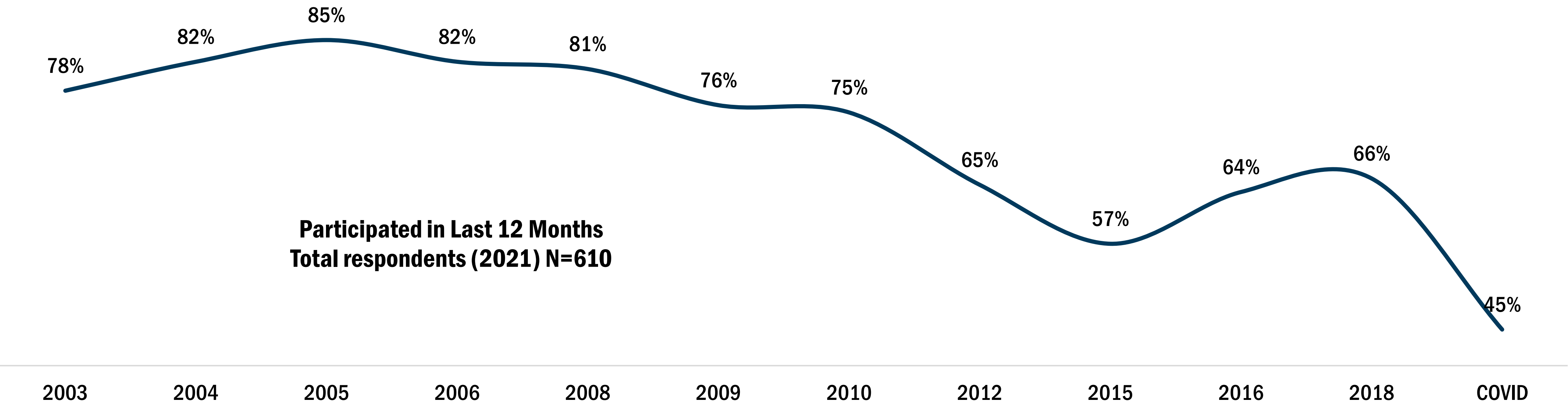




So where did everyone go?

Have you purchased a particular brand specifically because of a promotional offer such as these (not including price discounts) in the last 12 MONTHS OR SO?

Participation levels severely declined in 2015 due to fewer promotions being offered (Source: NSW Lotteries). Clean floor policies, minimum spends, and a client-side appetite for account-specific promotions made this a difficult tactic to effectively execute, especially for smaller brands. COVID has seen an even more significant drop off in breadth, but this time driven by brand nervousness. That is, brands purely not promoting due to the unknown… but now we know. **The promotional perfect storm is happening right now.**



What have people been doing a Lot More / a Little More of?

We want to know more about how COVID has or hasn't impacted your behaviour. In the last year or so, do you think you have done the following more, about the same, or less than in previous years...

	Total N=610	18-29 131	30-39 151	40-49 137	50-65 191	QLD 119	NSW/ACT 214	VIC 166	SA 69	WA 42
Watched your spending	41%	43%	42%	39%	40%	45%	39%	46%	38%	24%
Exercised	29%	34%	32%	24%	25%	24%	30%	34%	20%	24%
Had food delivered	23%	34%	28%	16%	18%	15%	24%	28%	20%	29%
Shopped online for your groceries	21%	23%	25%	21%	17%	15%	21%	30%	14%	17%
Purchased fast food	20%	31%	25%	15%	12%	15%	20%	22%	22%	21%
Purchased home-brands from supermarket	19%	28%	19%	19%	12%	19%	21%	21%	12%	12%
Had groceries delivered	18%	20%	23%	18%	14%	14%	19%	25%	13%	10%
Purchased alcohol	18%	18%	20%	15%	17%	15%	14%	25%	19%	14%
Been loyal to particular brands	17%	20%	19%	13%	16%	14%	18%	19%	14%	14%
Entered promotions	15%	22%	15%	14%	12%	14%	15%	15%	14%	19%
Purchased premium brands from supermarket	13%	14%	16%	12%	12%	10%	14%	15%	10%	14%

XX% - Significantly **greater** than total (at **95%** Confidence Interval)
XX% - Directionally **greater** than total (at **80%** Confidence Interval)
XX% - Significantly **less** than total (at **95%** Confidence Interval)
XX% - Directionally **less** than total (at **80%** Confidence Interval)

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INSIGHT › DRIVING › PROFIT

What do people think they'll be doing a Lot More / a Little More of in 2021?

We are also very interested to hear how you think your behaviours might change or not change in 2021. Do you think you will do following more, about the same, or less than 2020?

	Total N=610	18-29 131	30-39 151	40-49 137	50-65 191	QLD 119	NSW/ACT 214	VIC 166	SA 69	WA 42
Watched your spending	32%	44%	32%	30%	26%	36%	31%	34%	28%	24%
Exercised	31%	37%	34%	28%	28%	33%	33%	32%	29%	19%
Purchased home-brands from supermarket	15%	20%	20%	14%	10%	18%	16%	13%	14%	14%
Entered promotions	14%	18%	16%	8%	13%	12%	14%	15%	14%	12%
Purchased fast food	13%	21%	18%	7%	8%	11%	12%	14%	16%	17%
Had food delivered	13%	21%	17%	7%	9%	10%	12%	15%	10%	21%
Been loyal to particular brands	13%	15%	15%	9%	12%	12%	14%	13%	13%	10%
Purchased alcohol	13%	19%	15%	9%	8%	14%	8%	17%	13%	12%
Shopped online for your groceries	13%	21%	15%	9%	8%	13%	11%	13%	13%	14%
Had groceries delivered	11%	15%	15%	8%	7%	9%	12%	12%	7%	14%
Purchased premium brands from supermarket	11%	13%	16%	7%	9%	11%	14%	8%	12%	7%

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Price sensitivity is unchanged... except in the supermarket

Recently, would you say that you have become more price conscious, less price conscious or are the same, when it comes to purchasing items at the supermarket?

People have always claimed to be trying to spend less, so these figures are nothing new. What is new is the significant change in how people claim to be doing their grocery shopping. Highly significant decreases in price consciousness in the supermarket, corroborated by many, if not all FMCG clients.

	2016 General	2018 General	2021 General	2021 *Groceries*
More Price Conscious	62	65	64	44 ↓
Less Price Conscious	8	4	5	7
About the same	30	31	29	49
NET More Price Conscious	+54	+60	+59	+37 ↓

There are 12 times more trees on Earth than stars in the Milky Way

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03: The BIG Idea

In IMI's database of over 22,000 programs, the Top 2,000 have a frequency prize. The Top 100 are instant wins. The Top 10 are being run for the 8th or more time.

The Big Idea

Promotions – done well – SHOULD:

1. **Drive penetration** from competitor shoppers;
2. **Improve brand perceptions** (often more so than brand advertising can), and;
3. **Drive volume** from existing users

So **why do over 50% of launched promotions* fail** to deliver? This question goes straight to the heart of PromoTrack™ and is a complicated one. The reasons are many: overspend, misallocated spend, a weak framework, poor awareness, a flawed mechanic… this list is a long one. PromoTrack™ will cover all of these reasons, with **one big idea… building better promotions starting NOW.**

*IMI's database of promotional norms and action standards

The fundamentals: why do people participate?

1. **What's in it for me? The prize**
   - #1 driver of participation – know ahead of time… just because you like it, doesn't mean the target will (a jet ski is absolutely <u>not</u> a good prize)
   - Prizing that is relevant and compelling to the intended target market - something that they actually want and will use

2. **Do I believe I can win? Odds / Loads of prizes**
   - Consumers *must* believe that they are in with a shot - underlying belief that 'somebody has to win and it could be me'
   - This is critical for the non-best customers because it is this group that will typical drive the incremental volume shift

3. **Is it easy to get involved with? Easy mechanic and low retail requirement**
   - Participation has to be perceived as easy from both a retail and method of entry standpoint (Instant Win remains king)
   - Effort required vs. Potential win: if the consumers are made to 'work too hard' in terms of purchase requirement, or how they go about entering this will always work against success of the offer and number of entries

The DNA of a great promotion: the best of the best have this in common

01

Tested among shoppers of the category

Research predicts success ~70% of the time. Untested programs have about just under a 40% success rate (positive ROI). Positive ROI is also about avoiding spending budget in areas that don't result in a corresponding change in behaviour. Optimise before launching.

02

Have a frequency prize layer

Positive ROI is also about not spending budget in areas that don't result in a corresponding change in behaviour. Optimise before launching.

03

Are highly visible: ATL and/or on-pack

For many competitor shoppers, the pack or near-pack will be the first place they find out about a promotion.

04

Are uncomplicated, easy to enter, instant, and not in their infancy

The Rolls Royce of promotions are easy to understand, have few barriers to entry from a mechanic and purchase requirement POV, and are instant win

The DNA of a great promotion: the Global best of the best

Consumers will participate in a promotion if...

1. *Concept*: Has High Utility

- Compelling to the Target ☐
- Focus on Quality, not Quantity of Prizing ☐
- Reduce Prizing Layers: Optimum is 3 Grand Prizes and Frequency Prizes ☐
- Provides “Freedom of Choice” ☐
- Consistent Fit With Brand Image ☐

2. *Mechanic & Purchase Requirement:* It Is Easy to Participate

- Instant Win if Possible, if not then online. Mechanic is Easy: It Doesn’t Hinder Participation ☐
- Doesn’t require the consumer to purchase too much ☐

3. *Creative*: It Is Well Communicated

- Aware of it: Sufficient communications; Front end loaded ☐
- They Understand it: Creative Message is Focused on Drivers ☐
- Promotion Name is Clear ☐

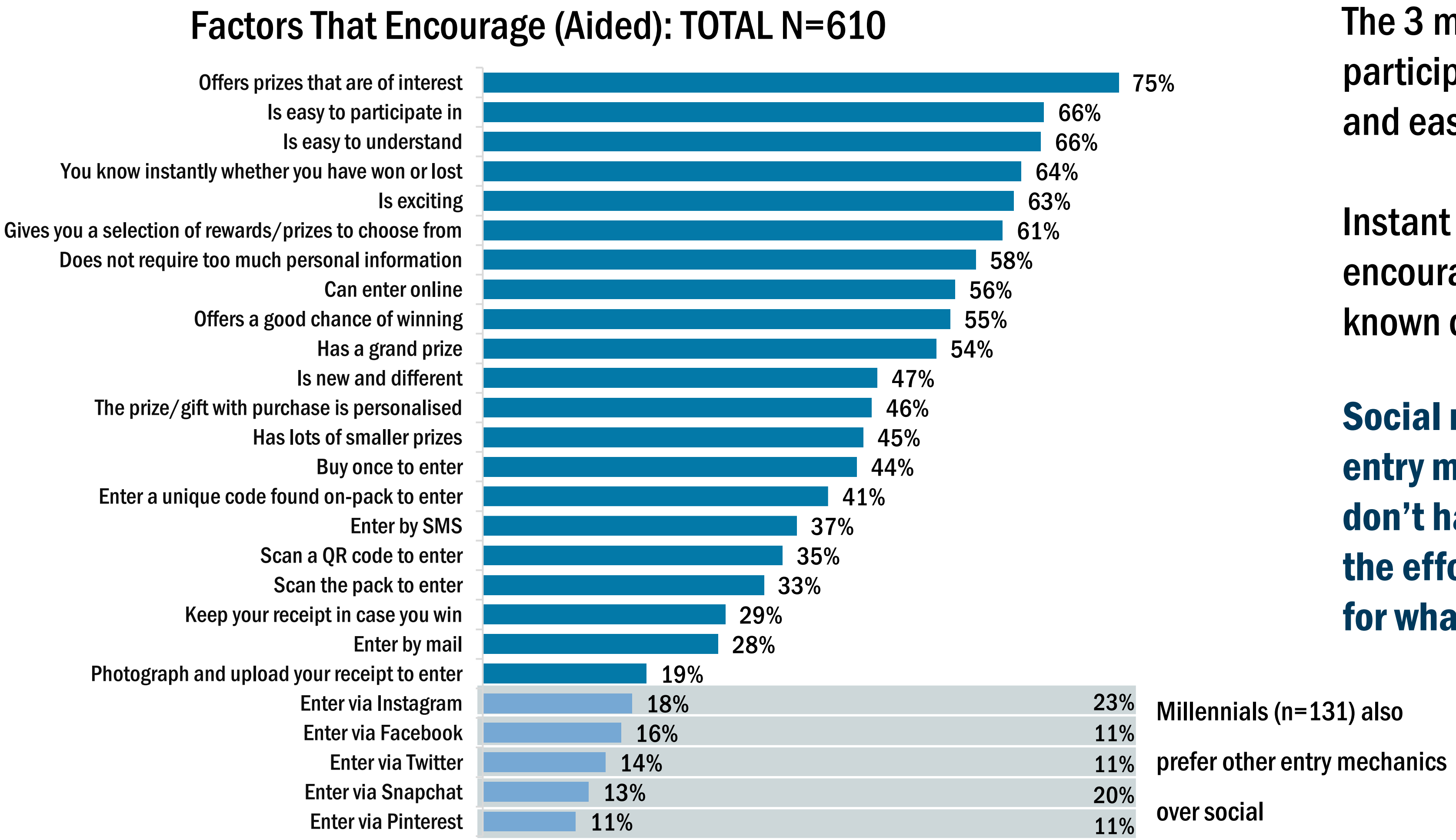
4. *Execution*: It Is Well Executed

- Promotion Length allows Multiple Participation: inter-purchase interval is key ☐
- On-pack and In-Store POS is supported and focused on the offer ☐

5. *Long-Term Impact*: It is Better Than Other Offerings

- Unique versus Competition ☐
- Theme is Ownable and Repeatable Over Time ☐

Elements that encourage participation



The 3 most important factors that encourage participation can be summarised as prize, chance, and ease of participation.

Instant Win is also an important factor in encouraging participation, and doubles down as a known driver or repeat purchasing.

Social media (SM) is not a broadly sought after entry mechanic, however this does not mean they don't have their place. The learning is, right-size the effort, budget, prize pool and expectations for what a social program can and cannot do.

One species of hummingbird burns 14,000 calories per day. That's 7 times more that the average human.

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04: Get out of the way

Promotions that have been through the rigor of quantitative concept testing are almost twice as likely to return a positive ROI vs. programs relying on gut feel alone*

*IMI's database of promotional norms and action standards. 70% success vs. 40% success.

Common misconceptions

Your gut will break your heart, and your budget. Below are some common misconceptions that come up time and time again in strategy briefs, marketing plans and promotional concepts… rarely (if ever) do they hold true:

× Bigger is better - $1,000,000 is a better prize than 3 x $10,000

× The larger prize is the primary motivator for participation

× Our best customers will dictate the success of the promotion

× Asking shoppers to buy 2 items will drive more volume than a purchase requirement of 1

× We don’t need to be on-pack

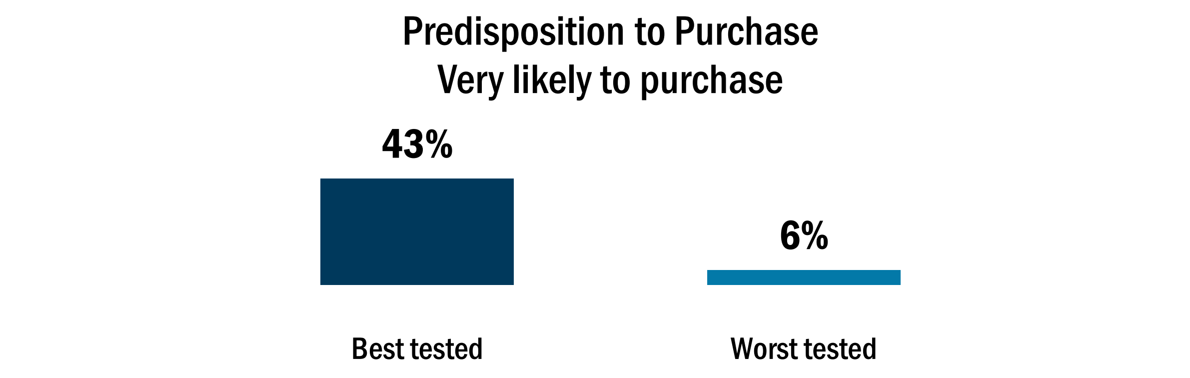
× Everyone will go online to find out about “tons of other prizes”

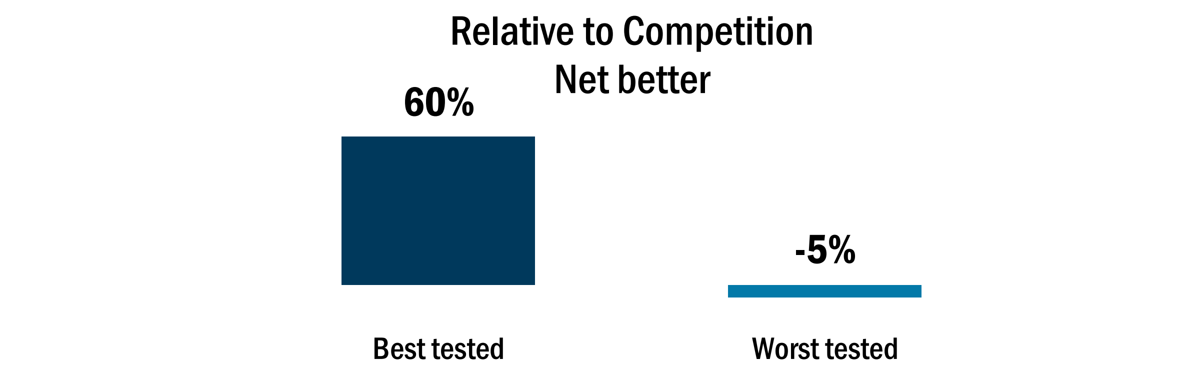
× We don’t have time/budget for T&Cs

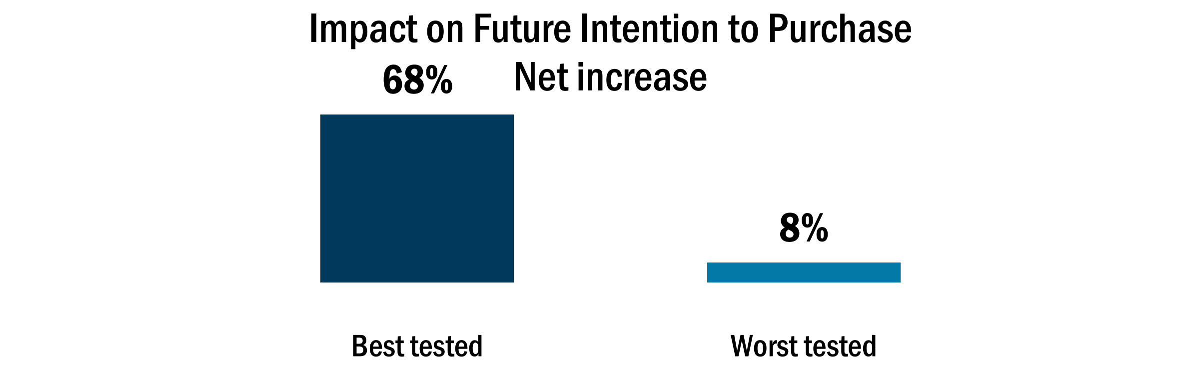
× Insured promotions are inferior

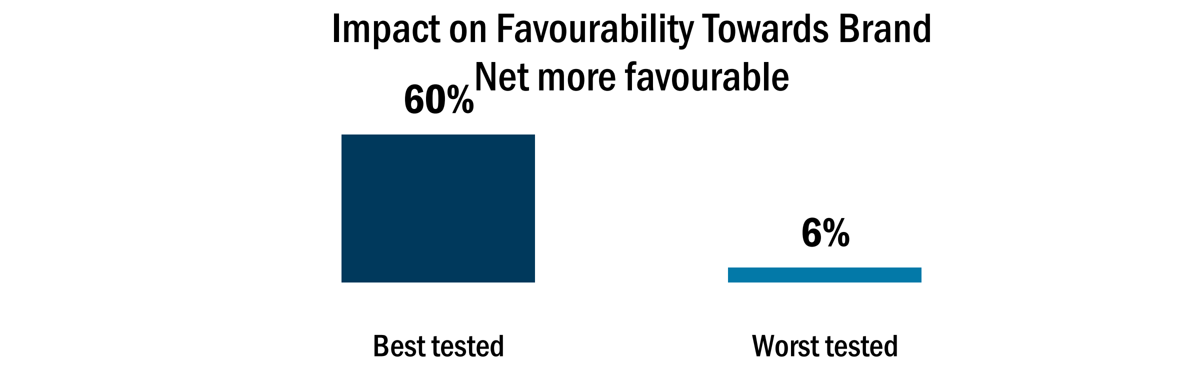
Your gut is betraying you

40 ideas… 4 key metrics… all considered "launch-worthy" by a highly regarded global brand… below shows the difference between the strongest and weakest concepts. Gut feel is not your friend.









Applying rigor to promotion-development is faster, cheaper, and easier than you think

- **Flagpole™** is a quantitative early-stage ideation testing tool designed to give confidence in promo, product, packaging or messaging ideas.
- **Flagpole™** is remarkably reliable at distilling – with absolute clarity – which ideas are worthy of progressing, and which are not
- Replaces gut feel with proven science earlier in the strategy and planning process: *resources and budgets are focused and optimised from the beginning*
- Draws from the same learnings and databases as IMI's PPS™ and I-Screen™ methodologies but for around 1/5th of the cost
- **Flagpole™** still offers flexibility to ensure your objectives are being met
  - Category and brand specific screeners
  - Ability to refine sample definition (for example, beer drinkers only)
  - Ability to customise (for example, add questions or current segmentation)

CASE STUDY: What's a better prize than a million bucks?

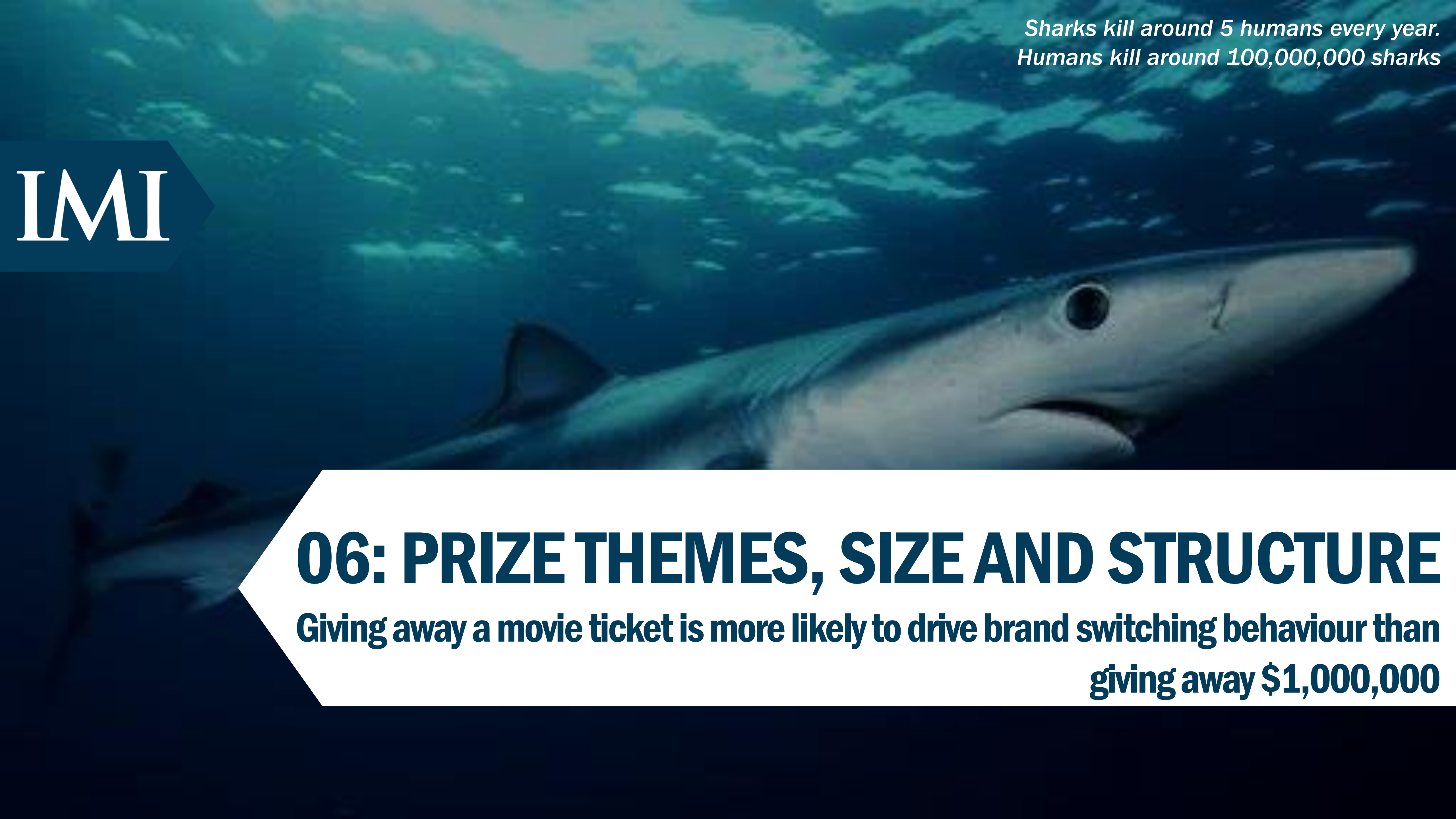
Find out why...

CASE STUDY: Why a Maccas cheeseburger is better than $1,000,000 cash

Cheeseburger		$1,000,000 cash
29%	Very Likely to Participate	13%
78%	Would have a fair chance of winning	17%
63%	Would make my day	91%
71%	Would try again if I didn't win	30%
3.3	Number of times entered in an 8 week period	1.4

05: BUILDING A STRONG PROMOTION

The least preferred method of entry among teens is…. having to contribute on social media



06: PRIZE THEMES, SIZE AND STRUCTURE

Giving away a movie ticket is more likely to drive brand switching behaviour than giving away $1,000,000

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Owls can't move their eyes – they are conically, not spherical. This is why their neck has such incredible range of movement.

07: PROMO MECHANICS

Games of Skill are a universally poor mechanic. They represent a significant barrier to entry and will not see high levels of entry.

Don't let timing and cost of T&C's dictate the mechanic. Have a chat to someone like plexus.co/ for legal automation. Promo T&C's start at $450

PLEXUS

To produce a kilogram of honey, bees fly the equivalent of three times around the world

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08: RETAIL REQUIREMENT

IMI isn't shy about the fact that we love to see brands stretching their budgets through Promotional Risk.

You don't need a $1,000,000 budget to get a $1,000,000 headline! Agencies and brands can team up with businesses like @HiveMarketingGroup.com to achieve attention-grabbing headlines for a fraction of the cost, cap financial exposure, and outsource the risk of over-redemption

Hive MARKETING GROUP

Lobsters don’t die of old age – they grow, but their cells don’t atrophy like ours

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09: COMMUNICATION BEST PRACTICE

In most FMCG categories, over 70% of the incremental volume derived from a promotion comes from people that don’t usually buy the brand

For more:

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Customised quant research for as little as $1,000 per idea. Promotions, products, pack and message testing

20 years of trended insight: consumer attitudes & behaviours, and 22,000 case studies

IMI's Commitment to ongoing, Global, fact-based insight amidst COVID-19 and other issues that matter