

Shopper-driven transformation

A review of shopper sentiment and promotional support



MarketTrack

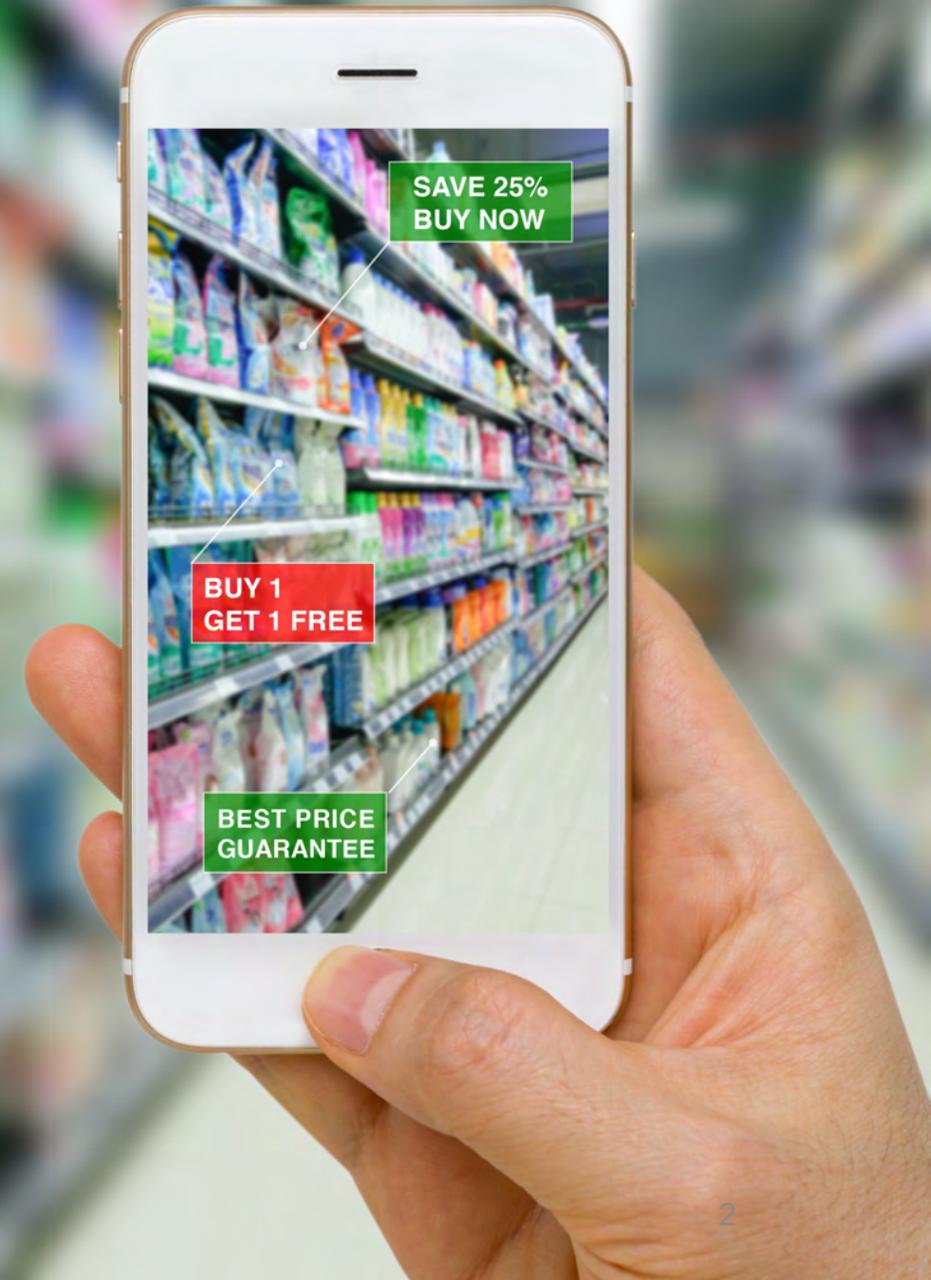
The Power of Market Intelligence

Disruption – a shopper evolution

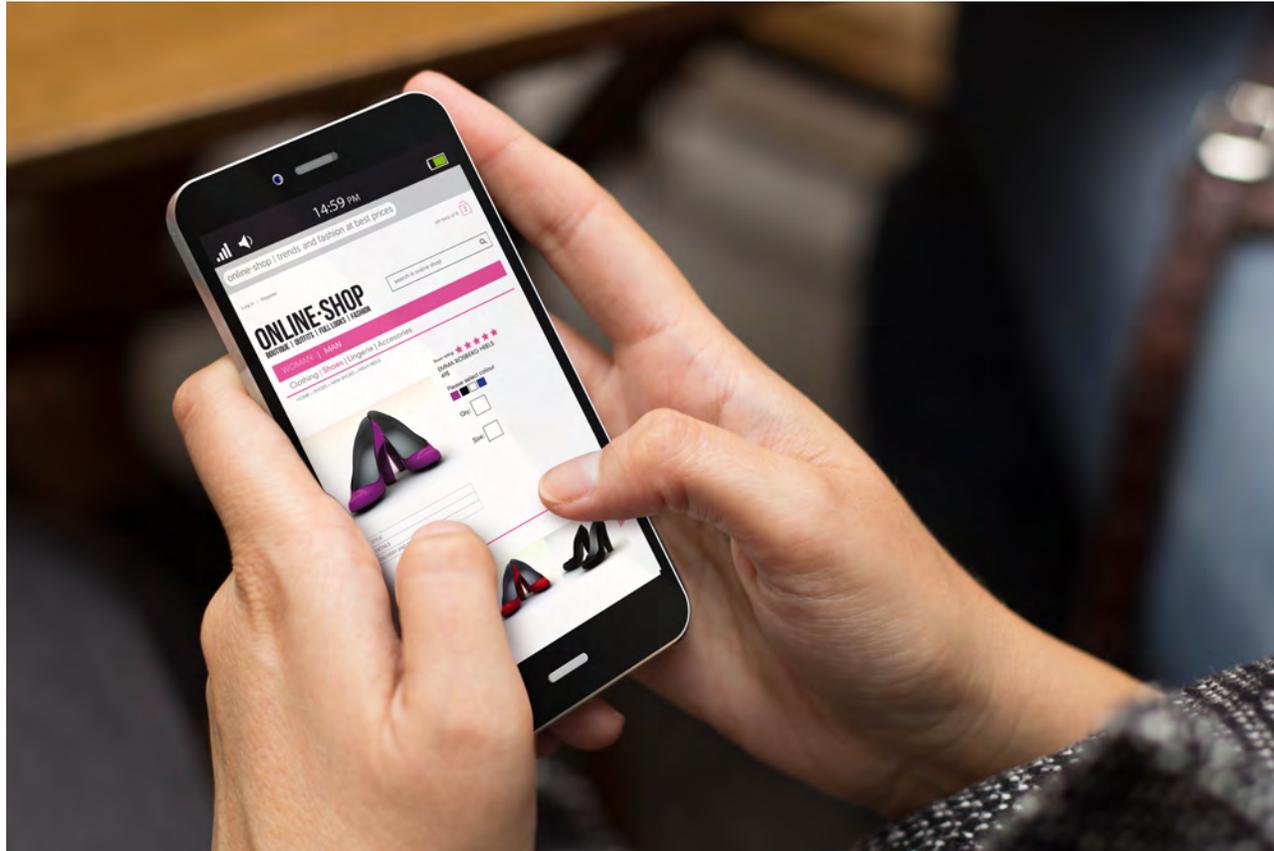
The advertising and **retail landscape has been disrupted** and has become even more fiercely competitive and complex—the purchase journey is forever changed

The **always connected shopper** is in control of how they interact with advertising

Emerging technologies with real time access, dynamic pricing, personalization, create challenges



An ever-changing consumer shopping experience



Consumers are not loyal: **73%** would switch from the brand they usually buy if they saw a different brand on sale

82% have 1-3 retailer apps on their smartphone

64% plan to shop more online this year than in 2016 and **44%** plan to shop more on mobile

We monitor and analyze all advertising, promotions, and pricing impacting consumers to help clients:



- **Generate higher sales** and stronger long-term brand identity and preference
- **Optimize investment** across brand/promotion to **maximize return on investment (ROI)**
- **Improve the alignment** and fidelity of marketing messaging
- **Compete more effectively** in their markets through real-time competitive intelligence

Market Track combines granular data with deep industry expertise to shed light on macro trends throughout the retail and eCommerce landscape

Looking Back: A Review of the 2016 Holiday Shopping Season

The 2016 Holiday Shopping Season (HSS) has provided plenty of reason for optimism, with sales growth leading levels in 2015. MasterCard's SpendingPulse is the source of the data for the HSS. It shows that 2016 was a strong year for the HSS, with sales up 10% from 2015. MasterCard also predicts a 10% jump in online sales for the entire holiday period. Additionally, consumers reported that Thanksgiving, Black Friday, and Cyber Monday each saw more than 20% growth in digital sales, and more than 25% growth in mobile sales.

In this review of key trends in advertising, retail, and brand, we explore the following:

- Changing holiday shopping habits
- Viewed online
- Keeping shop
- Maintaining
- Emulating

Back-to-School 2016

A Review of Advertising, Pricing, Promotional, and eCommerce Activity

This MT360 Series Report highlights key influences that impacted where consumers shopped and what products or services they purchased during Back-to-School 2016.

Super Bowl LI

TV & Social Media Advertising Review 2017

Market Track, Competitrack's parent company, takes an in-depth look into this year's Super Bowl advertising, including TV ad spend, creative messaging, and campaign integration with social & digital marketing channels

Promo Price Planner

Take Control of Promotional Pricing

Five Holiday Challenges, Five Solutions

Get tips on how to successfully navigate this year's Holiday Shopping Season

According to Market Track's 2016 Shopper Insight Series Survey, this year's Holiday Shopping Season (HSS) will come equipped with its own unique challenges. Staying competitive in the eCommerce landscape, price matching, driving shoppers in-store, and standing out during one of the largest retail events of the year, these are just a few of the hurdles advertisers will need to contend with this season. Proper planning and seamless execution will be key for those advertisers looking to face the holiday competition.

This Perspective will highlight key challenges and solutions that you can take action on during the HSS, including:

- Dynamic changes to eCommerce pricing and product listings
- Product bundles and the complications of competitive price matching
- Calculating not only the first in-store trip, but also the return trip
- Communicating a consistent value message through different marketing channels
- How to drive urgency in a season full of sales

We'll also offer tailored solutions that can help advertisers combat these challenges during the HSS and into 2017

Amplifying the Message

Opportunities to improve coordination between advertising, promotions, and pricing

Advertisers have always gotten their message out to consumers every year. For 2016, advertisers anticipated a 10% increase in advertising spend from the year before, up just under \$500 billion worldwide. An adWeek Business Insider reported that in 2014 alone, 30 companies spent \$1 billion in advertising spend.

Why do companies spend such incredible amounts of money on advertising? In short, because it is increasingly important. The performance of their company. After being so hard on consumers in 2014, consumers are now more discerning. The average global balance of today's consumers makes when, where, and how competitive advertising just as important as how often they advertise. The use of data and analytics continues to improve among all consumers, and their selection with brands, media continues to change. In order to get their advertising message, companies must take a full-on, data-driven approach by working to spot their advertising across all advertising and promotional media.

In the case of Market Track Perspective, we will discuss the track record of advertising across all consumer touchpoints. We will look at creating an advertising campaign that amplified its message across all media types. Then we will present a call to action on the importance of brand advertising, both in-store and online, and how messaging and media in new products, on-pack and promotional, will still drive sales in a world of increasing digital advertising. We will also discuss the importance of brand advertising in today's consumer-driven environment.

Five Category Insights

That Will Have Buyers Calling YOU First

Communication and insight sharing have become integral aspects of successful promotional and advertising. Information on consumer behaviors, competitive promotions, and sales trends helps your buyer and advertising process. The buyer is looking for the one that can help you for insights to help grow category sales and market share, the better your brand's standing with your buyer will be. This report recommends five insights that will have buyers calling YOU, not competitors with the category, and how Super Bowl data can help you produce those insights every year.

This guide will help you answer these five questions for your buyer:

1. Are consumer behaviors and preferences changing?
2. How does competitive promotional pricing compare?
3. What products and pack sizes did competitors feature?
4. Did promotional prices and products vary by market?
5. Did competitors promote the category in digital?

Faster Access to eCommerce Insights

New and enhanced data visualizations from Market Track eCommerce

Getting simple, quick, and actionable information from the competitive eCommerce landscape is challenging, even for companies with extensive resources. There are a lot of moving parts, and a boatload of new products, and pricing data to make sense of each day. This makes it difficult for both manufacturers and retailers to solve for common problems in their eCommerce business—they are buried in data that lack the time, process, or resources to make sense of it.

The following are just a few of the modules now available through Market Track eCommerce, and how they help our clients improve their visibility to the online channel.

New and enhanced data visualizations from Market Track eCommerce offers:

- Key data delivered in interactive, easy-to-use modules
- Actionable insights on pricing and listing violations to help maintain MAP compliance and brand protection
- Quick access to competitive pricing & assortment information

MAP Compliance Insights

Learn where, when, and by how much your MAP guidelines are violated online...faster

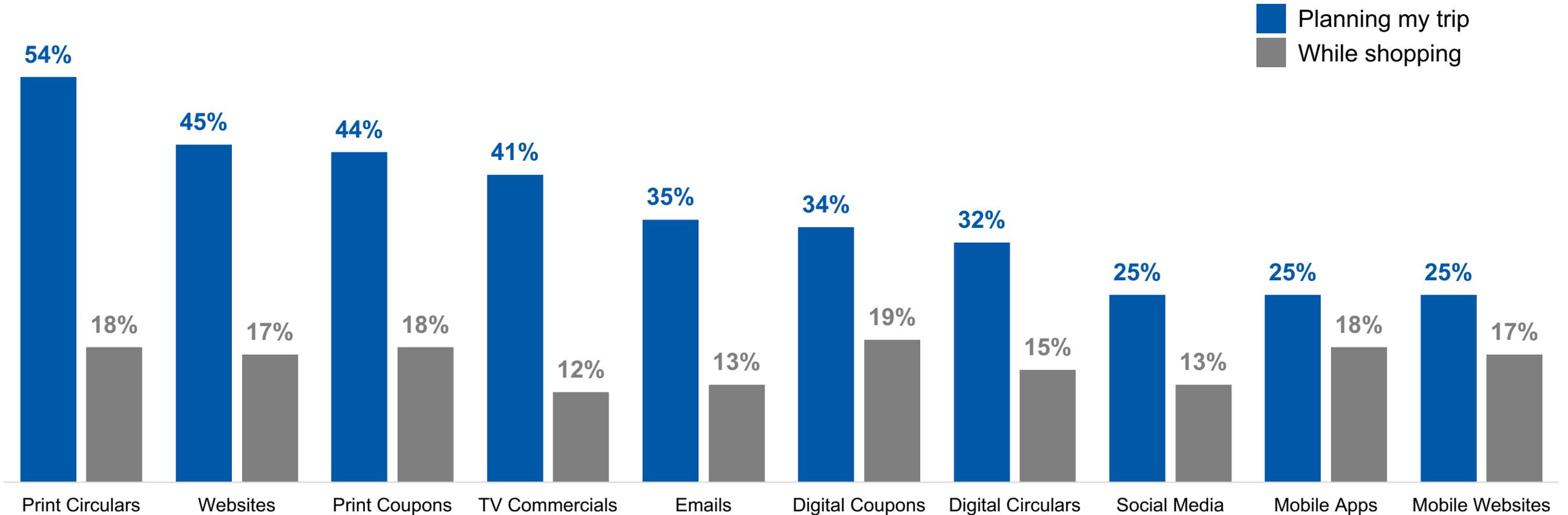
- Drill down to individual categories, brands, and listings to see the details of each violation
- See the most violated categories and products, and the extent of the price change that resulted in a violation

MAP Dashboard for Products

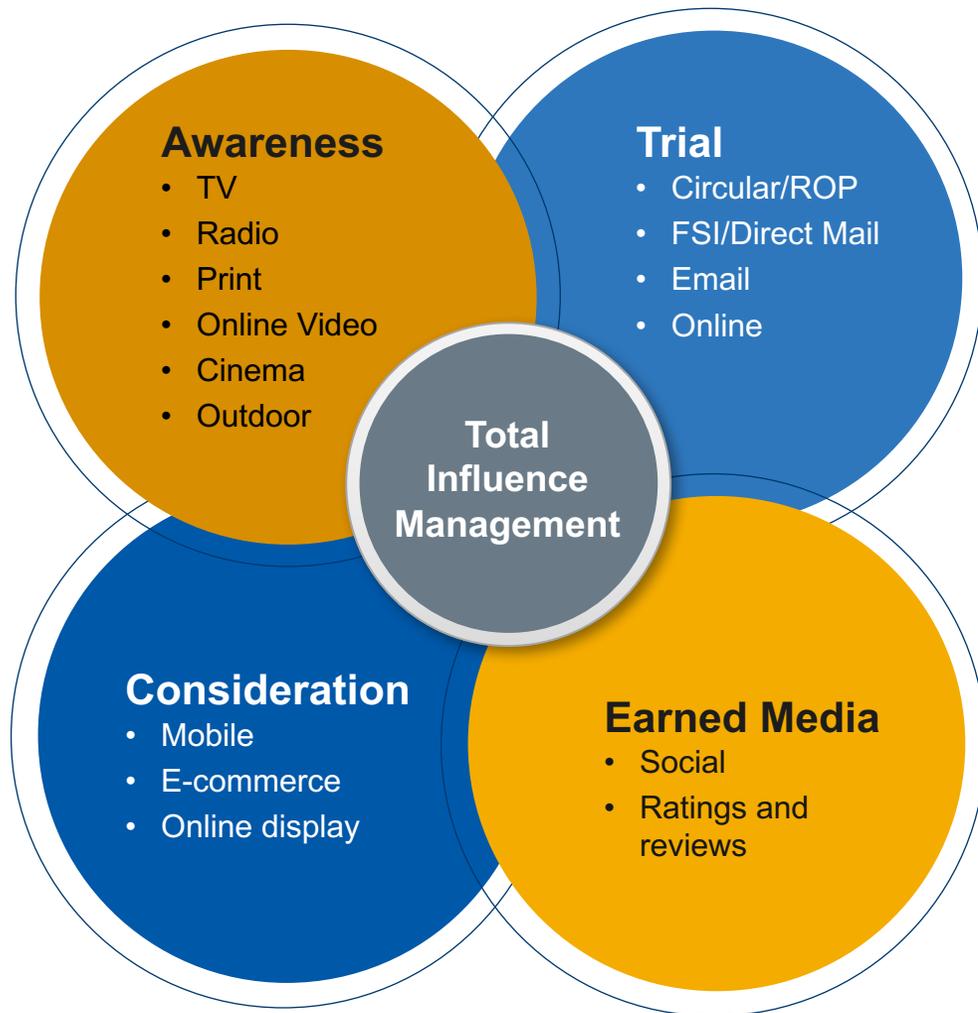
- Get quick insight into top violating authorized and unauthorized resellers, and a trend of their compliance over time
- Monitor the average depth of discount below MAP for top violating resellers

MAP Dashboard for Violators

Consumers are using different media channels at different points in their purchase journey



The path to purchase is a non-linear journey for shoppers—they are impacted and influenced by a multitude of communication touch points.



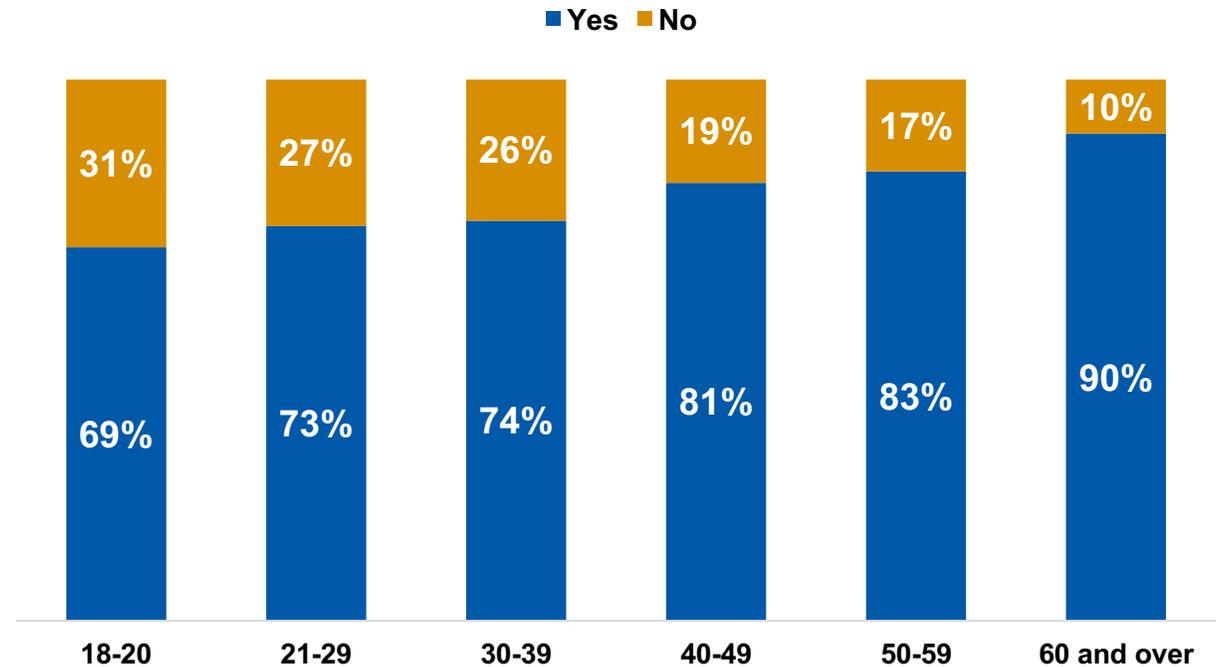
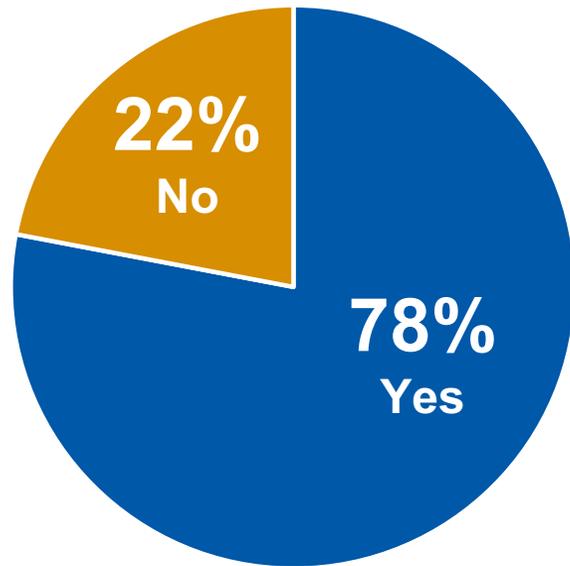
Consumer's Perspective on Private Label

Market Track Shopper Insight Series



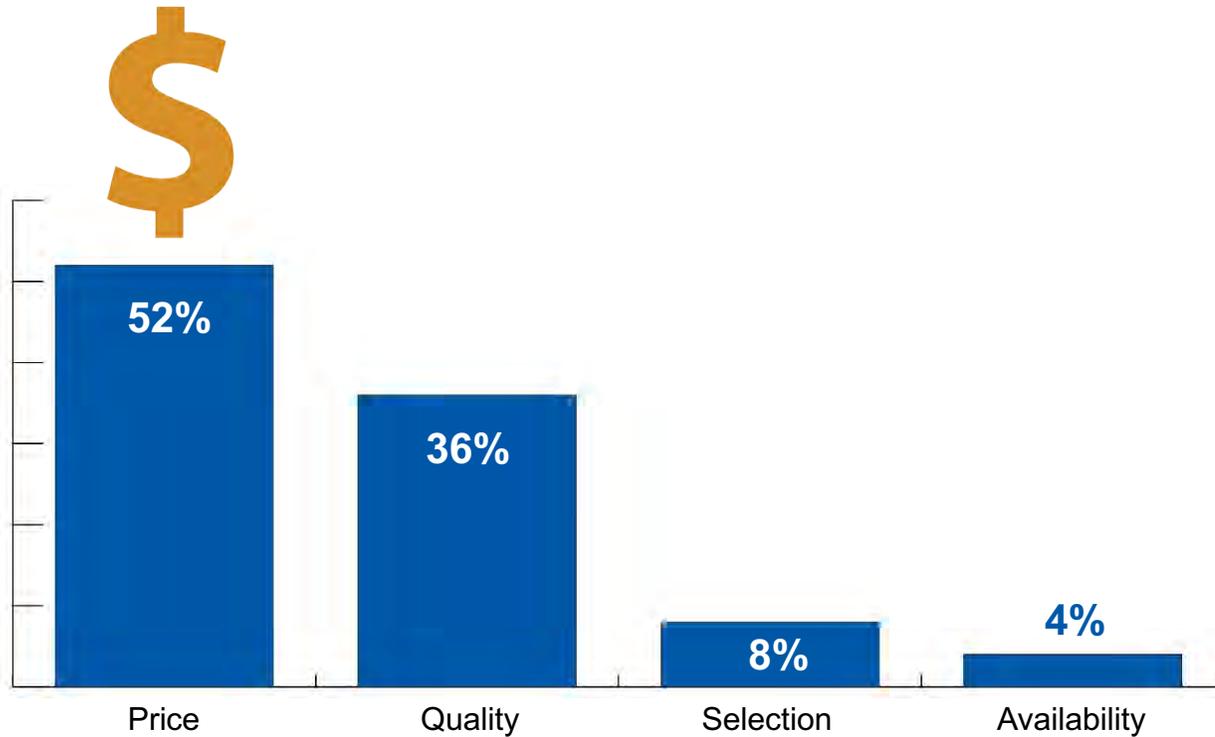
Private label products are regular purchases for shoppers, though older demographics purchase store brands at a higher rate than younger

Do you buy private label products?



Savings/Low prices remain a key driver in consumer's decision to buy private label

What would make you consider buying private label brands more frequently?



Retailers seize this opportunity:

BONUS OFFER
free \$5 Gift Card
 when you buy any two wipes listed*
13.49 up & up 8-pk. wipes
14.99 Huggies 11-pk. wipes
 • Pampers 9-pk. wipes also included in offer.

Target – Print Circular – 3/5/2017

compare & save

16⁹⁹
 WITH CARD
 CVS Health rechargeable toothbrush 1 ct.

24⁹⁹
 WITH CARD
 Oral-B Vitality Floss Action rechargeable toothbrush.

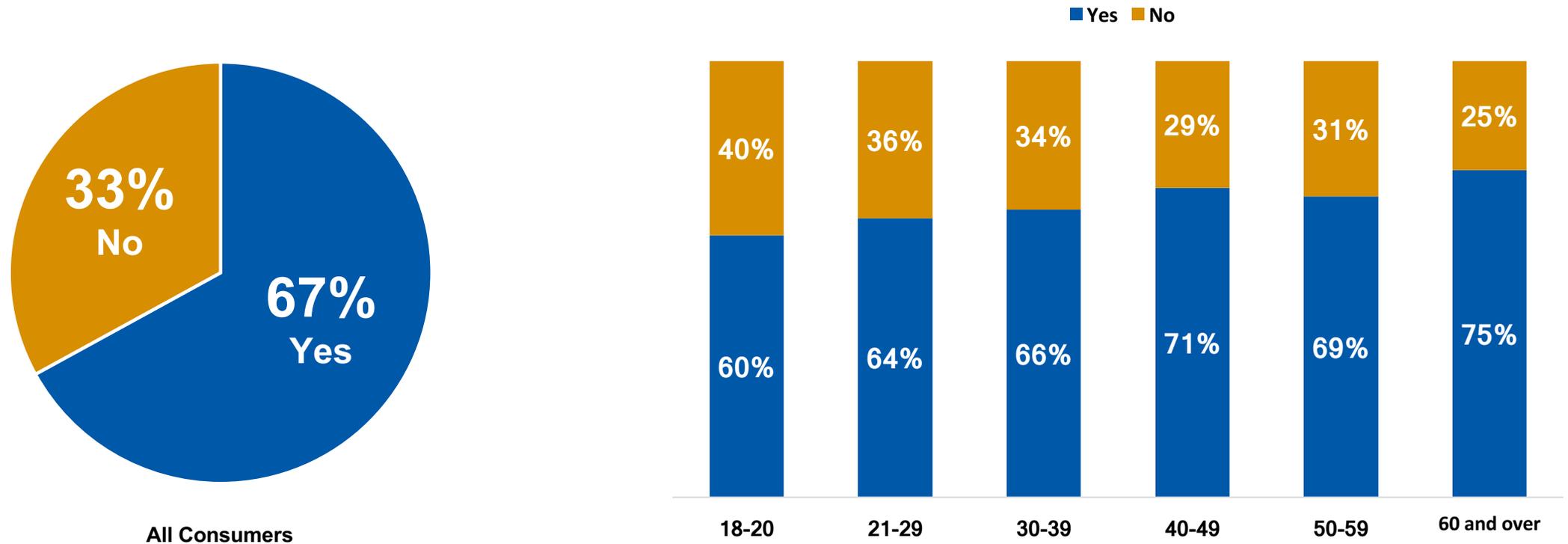
CVS – Print Circular – 12/11/2016

Source: Market Track 2017 Shopper Insight Survey & Market Track Promotional Data

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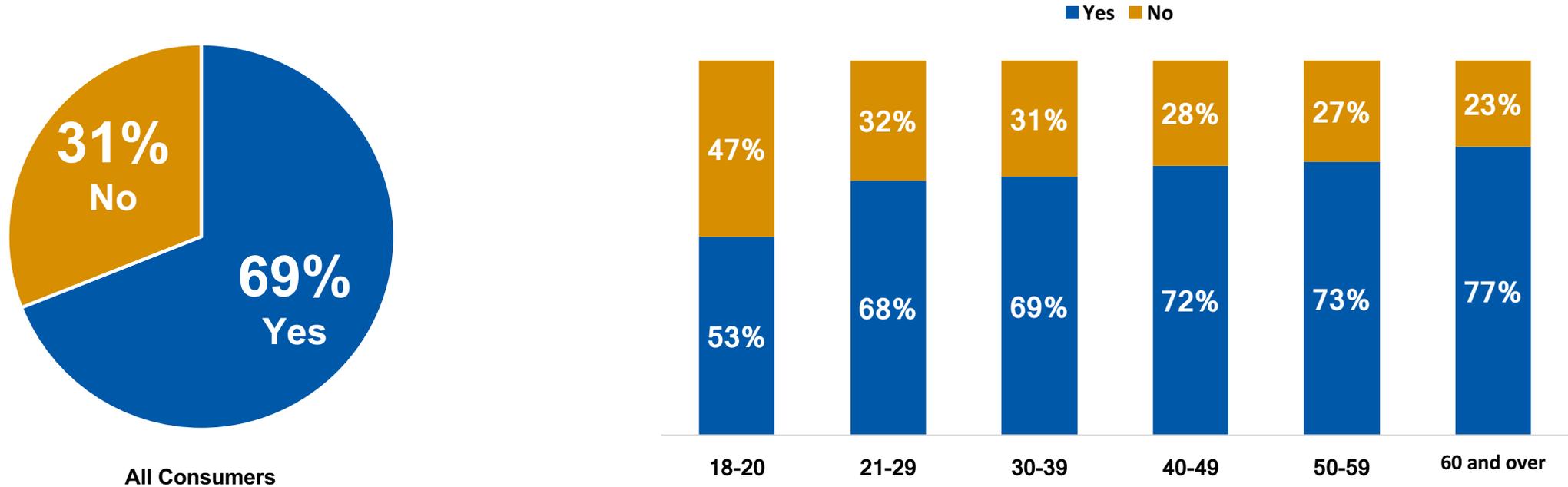
A majority of shoppers also believe they aren't sacrificing quality when they buy private label, though younger consumers have more quality concerns than older

Do you think private label products are of the same quality as national brands?



When asked about ingredients specifically, the youngest demographic group (ages 18-20) are divided on how private labels compare to national brands

Do you think private label products have the same ingredients as national brands?



Segmentation of store brands gives shoppers options

CVS Private Label Brands

Health & Wellness

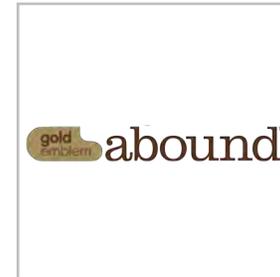
- CVS Health
- Radiance Platinum
- Radiance

Beauty & Personal Care

- Beauty 360
- Nuance Salma Hayek
- Makeup Academy
- Skin + Pharmacy
- Essence of Beauty
- Pop-arazzi

Home & Grocery

- Gold Emblem
- Gold Emblem Abound
- Total Home
- Caliber
- Big Chill
- Ice Canyon
- Pet Central
- Just the Basics



Some tier their store brands by quality, while others segment by category

Gourmet / Premium

- Sam's Choice (Walmart)
- Marketside (Walmart)
- Gold Emblem (CVS)
- Archer Farms (Target)



Organic / Healthy Eating

- O Organics (Safeway)
- Eating Right (Safeway)
- Simple Truth (Kroger)
- Simply Balanced (Target)
- Central Market (H-E-B)



Value

- P\$\$T (Kroger)
- Shoppers Value (SUPERVALU)



Environmentally Conscious

- Bright Green (Safeway)
- Earth Essentials (CVS)
- Greenwise (Publix)



Pet

- 'Ol Roy (Walmart)
- Pet Pride (Kroger)
- Pet Central (CVS)



Exclusive / Licensed

- Urbini (Walmart)
- Better Homes & Gardens (Walmart)
- Persil (Walmart / Henkel)
- Circa (Walgreens / Eva Mendes)
- Nuance (CVS / Salma Hayek)
- C9 (Target / Champion)



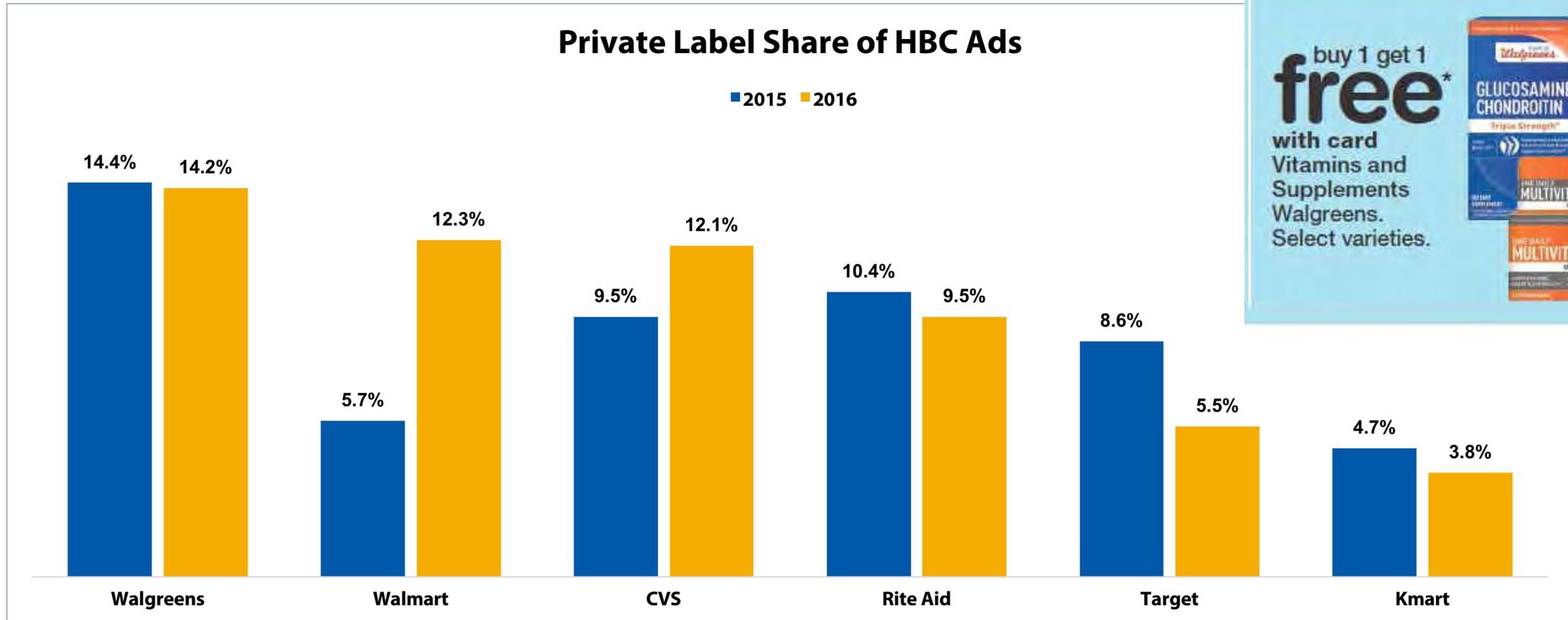
Private Label Advertising

How retailers support their store brands through promotion



Walmart had the largest leap in share of private label HBC ads year-over-year with almost twice the share in 2016 as they had in 2015

Walgreens – 9/25/2016



Drug stores tend to promote their HBC private label brands using BOGO 50% off more than any other offer type



Share of Offer Types Among Private Label Brands in the HBC Category
Drug Stores - Last 24 Months Ending March 2017

	BOGO 50% Off	BOGO	Other Buy/Get	% Off	Calculated Reg Price	In Ad Retailer Coupon	In Ad Manufacturer Coupon	\$ Off
CVS	42.0%	7.1%	25.4%	5.9%	0.8%	0.1%	0.0%	0.7%
Walgreens	45.6%	14.9%	6.3%	1.7%	4.0%	4.5%	0.1%	4.1%
Rite Aid	58.4%	8.0%	8.4%	0.5%	4.9%	0.4%	1.1%	0.3%

Private label share of digital promotions has been much more volatile than print over the past two years as grocery stores further develop their digital strategies

Online – Walgreens – 1/16/2017



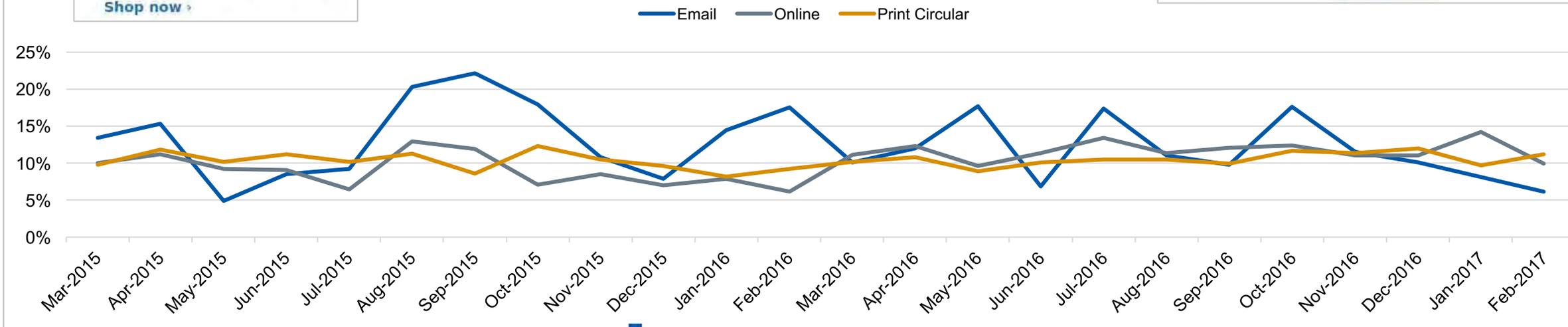
Email – Rite Aid – 1/8/2017



Print – Walmart – 12/26/2016



Private Label Share of HBC Ads



Source: Market Track Promotional Data;
Includes top drug and mass stores

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Retailers use outcome-based strategies in their private label HBC ads

Private Label solves your ailment



Everyday wellness
Rite Aid Brand Allergy and Cold Relievers
Buy One, Get One
50% OFF
regular retail with card
[View Products](#)

Rite Aid – 2/23/2017
Subject Line: “EMAIL EXCLUSIVE 30% OFF & Last Chance to Earn \$10 in Points”



Fever...Chills... Sneezing...Oh My!
Only \$9.99¹
Select Walgreens Cold & Flu, Mucus or Cough Relief with card
[View offer](#)

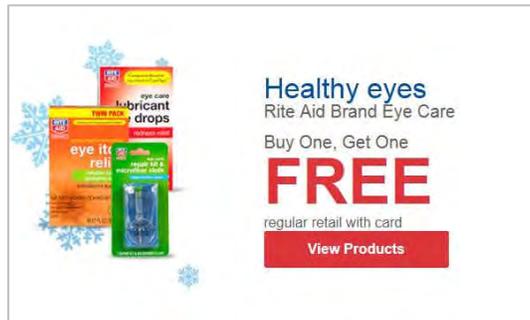
Walgreens – 10/9/2016
Subject Line: “Weekly Ad Deals | Get fast cold & flu relief and feel better faster”

Private Label earns you points



daylogic FOR MEN
MEN'S 3 BLADE CARTRIDGE REFILL
\$9.00 with card
PLUS! Earn 900 Plenti points* Worth **\$9.00**
*Limit 2 offers per card.
[Shop Now](#)
Online Exclusive

Rite Aid – 9/18/2016



Healthy eyes
Rite Aid Brand Eye Care
Buy One, Get One
FREE
regular retail with card
[View Products](#)

Rite Aid – 12/7/2016
Subject Line: “HUGE Buy 1 Get 1 Free Sale + 20% OFF Online Purchases”



Sniffles? Stop in & get 2 for \$12
or \$6.29 each on select Walgreens brand or Wal-Tussin® cold relief products with card.
[View offer](#)

Walgreens – 1/15/2017
Subject Line: “Brrr! Beat your cold (and THE cold) with these winter needs”



Spend \$10 Get \$5 ExtraBucks® Rewards**
CVS Four Blade Razors
[View myWeekly Ad](#)

CVS – 1/29/2017



Earn 100 Plenti points Worth **\$1.00**
Rite Aid Radiant White Toothpaste 5.8oz or Brilliant White Toothpaste 4oz
[Get Coupon](#)

Rite Aid – 11/6/2016

Retailers leverage digital advertising for private label awareness – with messaging such as “getting/staying healthy”

Walgreens – Mobile - 1/11/2017



Walgreens – Online Video - 1/10/2017



Rite Aid – Facebook- 12/16/2016



CVS – Mobile - 12/9/2016



Walgreens – Online Display - 1/19/2017



CVS – Online Display - 12/28/2016



CVS – Twitter - 1/23/2017

How can companies optimize their strategy and maximize results?

Better alignment and fidelity of marketing messaging to the buyer leads to higher sales and stronger long-term brand identity and preference

Leveraged marketing investment across brand/promotion results in a greater return on investment (ROI)

A stronger brand leads to a stronger position with retail channels



1 Targeting the same consumer/shopper
Advertising, whether Brand or Promotion, is intended to increase preference for, and sale of, products and services

2 Disjointed efforts lack efficacy
In most companies today, the organizations, budgets and initiatives of these two critical advertising initiatives are only loosely connected

3 Costly opportunity loss
For an expense that typically represents the 2nd largest expense on the P&L, more can and should be achieved (Total US Advertising Spend: Brand - \$155B / Promotion \$165B)