

Shopper-driven transformation

A review of shopper sentiment and promotional support



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Disruption – a shopper evolution

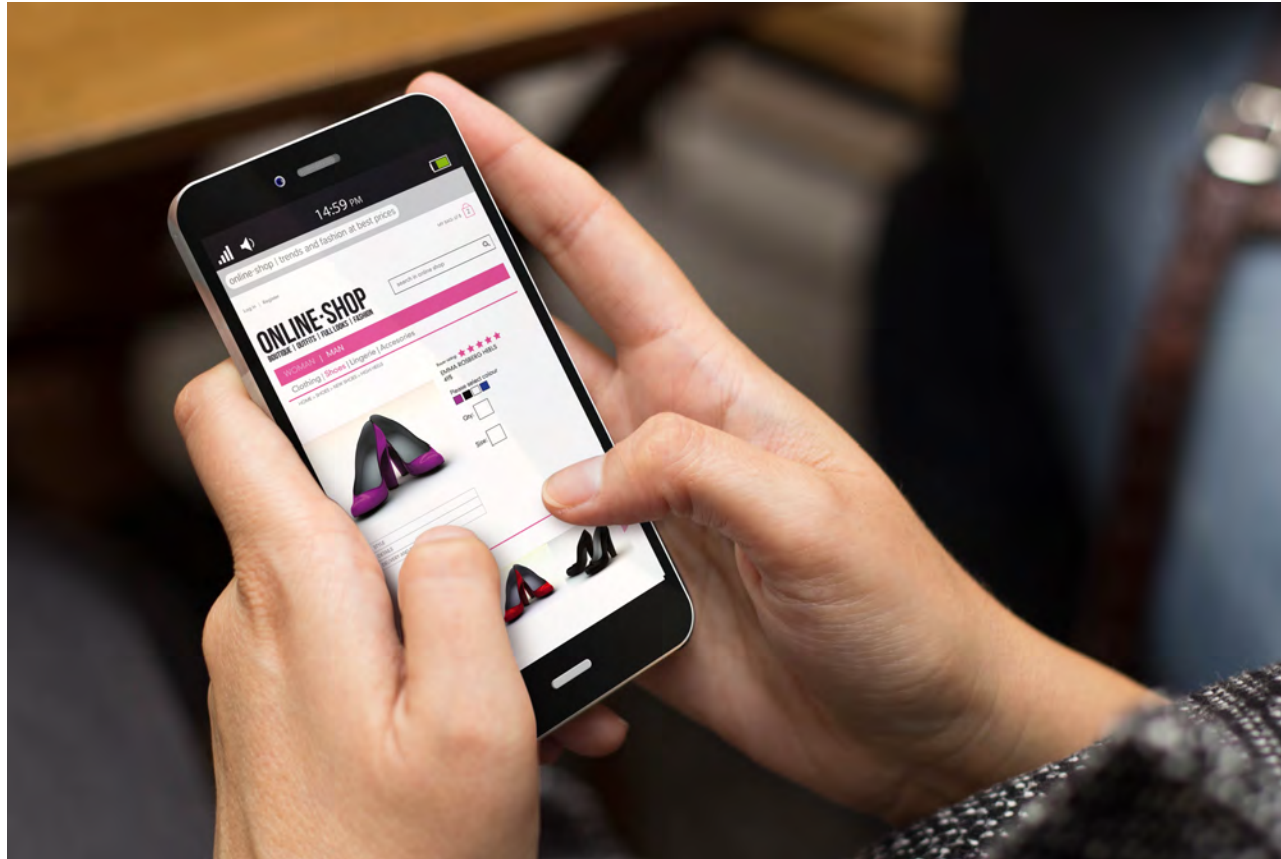
The advertising and **retail landscape has been disrupted** and has become even more fiercely competitive and complex—the purchase journey is forever changed

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

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Looking Back: A Review of the 2016 Holiday Shopping Season

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MT360 Series Report

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.

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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

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Promo Price Planner

Take Control of Promotional Pricing

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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. Proactive 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:

- Dynamics 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

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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 6% increase in advertising spend from the year before, to just under \$50 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 the past, they are now competing for their attention. The ever-widening balance of today's consumers makes when, where, and how competitive advertising just as important as how often they advertise. The use of data makes it possible to improve across all consumers, and their selection with billions of media channels to change. In order to get their advertising message, companies must take a full cross-channel approach by working to reach their advertising across all advertising and promotional media.

In the spirit of Market Track's perspective series, we will discuss the track of advertising and messaging across all consumer touchpoints. We will look at creating an advertising campaign that amplified its message across all media types. Then we will examine a real-world case in a service company's holiday advertising, which used both traditional messaging and tactics in new placements, on-point and prominent. We will show you a set of recommendations to help you to better simplify their message in today's consumer-driven environment.

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Five Category Insights

That Will Have Buyers Calling YOU First

Communication and insight sharing have become integral aspects of successful promotional and marketing information on consumer behaviors, competitive positioning, and sales trends helps your buyer and planning process. The buyer's credit for their role and the role they can play on 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:

- Are consumer behaviors and preferences changing?
- How does competitive promotional pricing compare?
- What products and stock sizes did competitors feature?
- Did promotional prices and products vary by market?
- Did competitors promote the category in digital?

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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

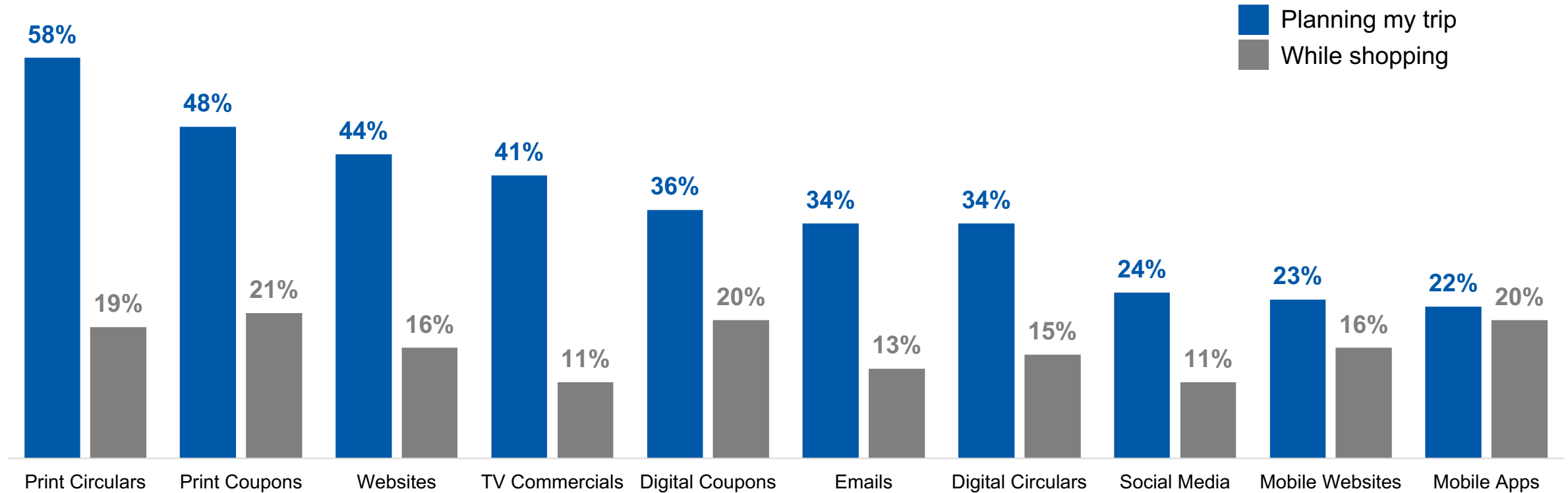
- Drill down to individual categories, brands, and listings to see the details of each violation
- See the most violated categories and products, and the extent of the price change that resulted in a violation

MAP Dashboard - Products

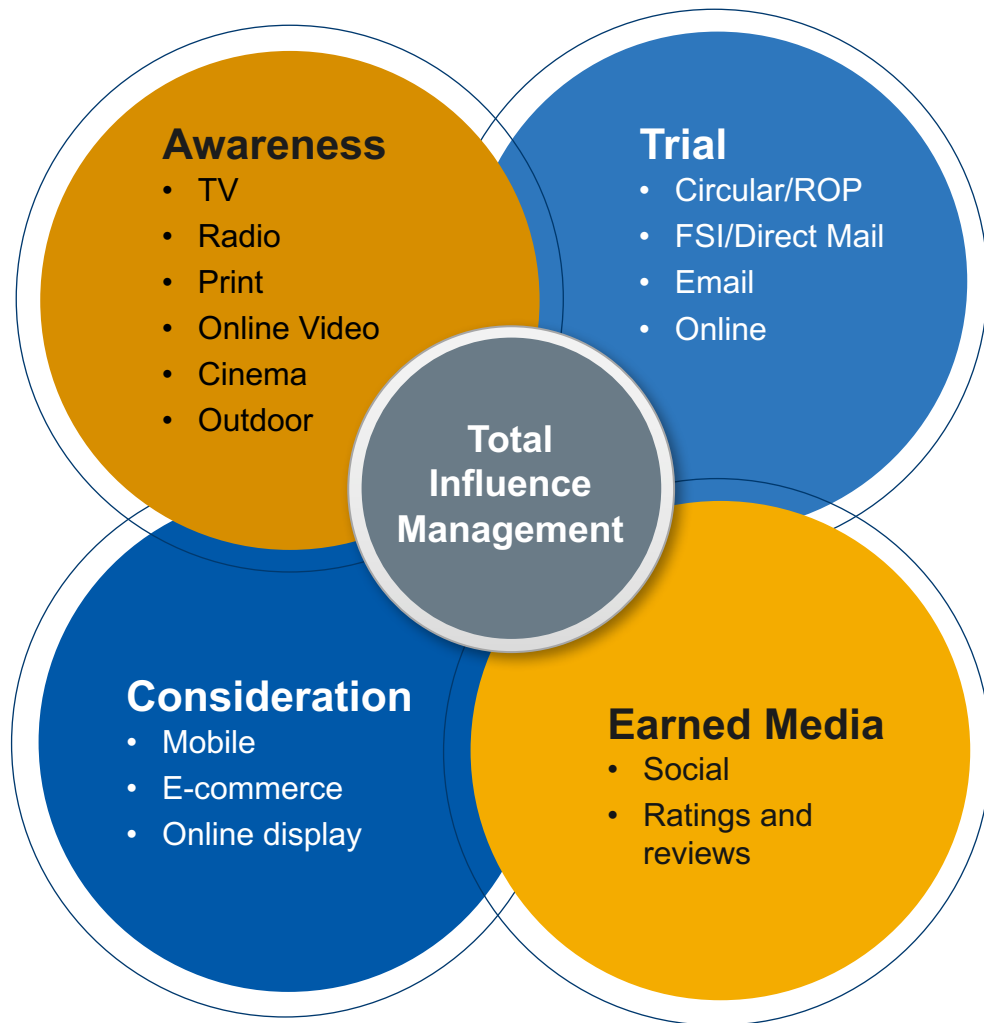
- Get quick insight into top violating authorized and unauthorized resellers, and a trend of their compliance over time
- Monitor the average depth of discount below MAP for top violating resellers

MAP Dashboard - Top 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

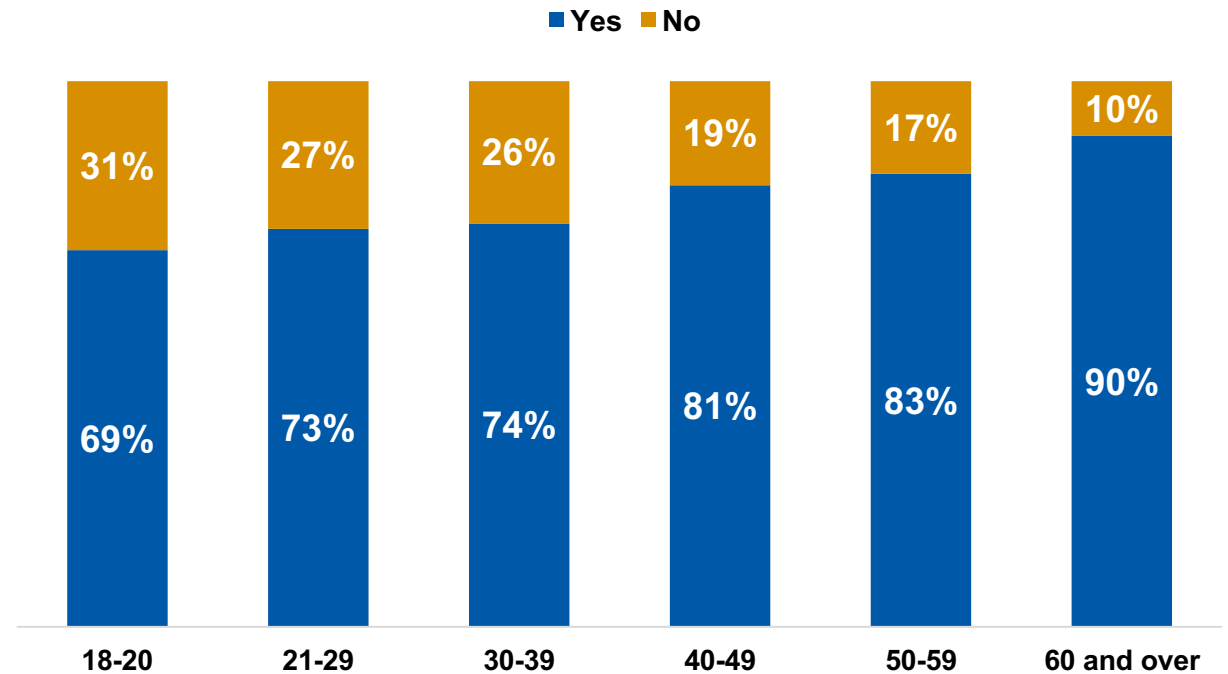
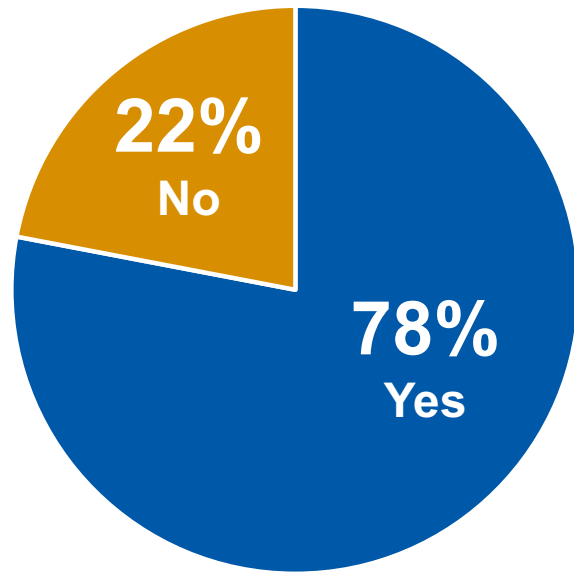


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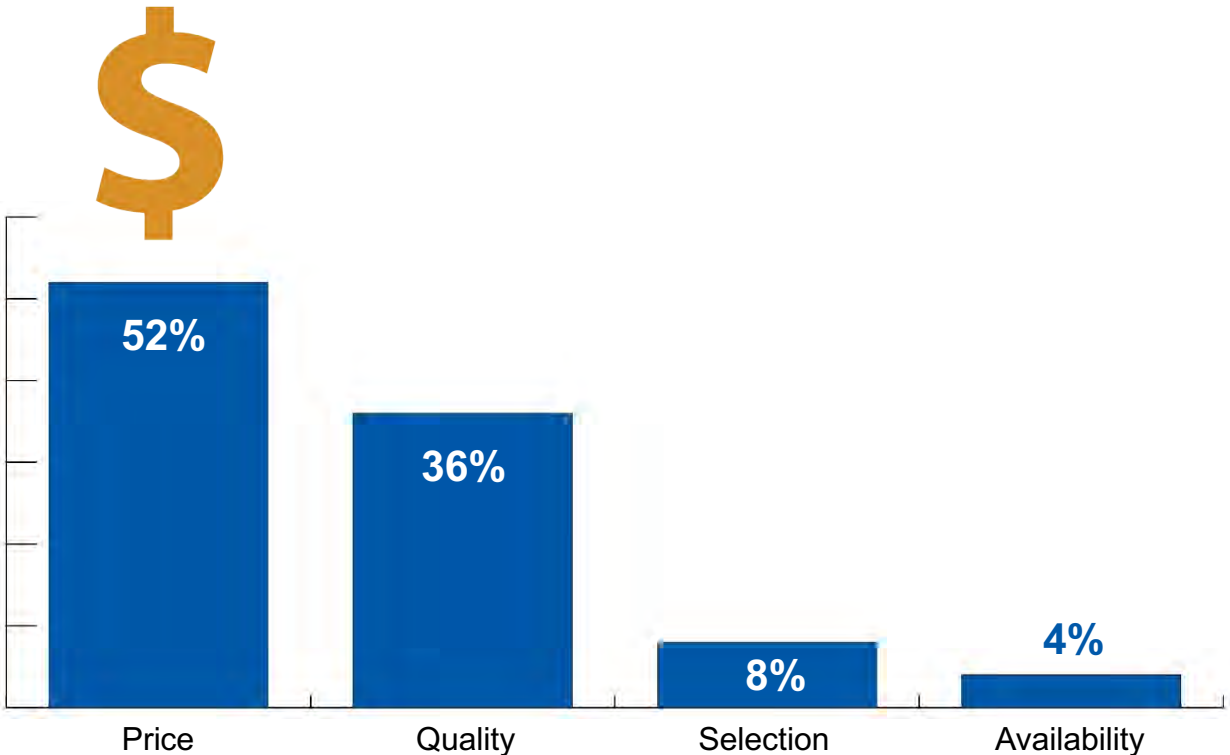
Private label products are regular purchases for shoppers, though older demographics purchase store brands at a higher rate than younger

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:



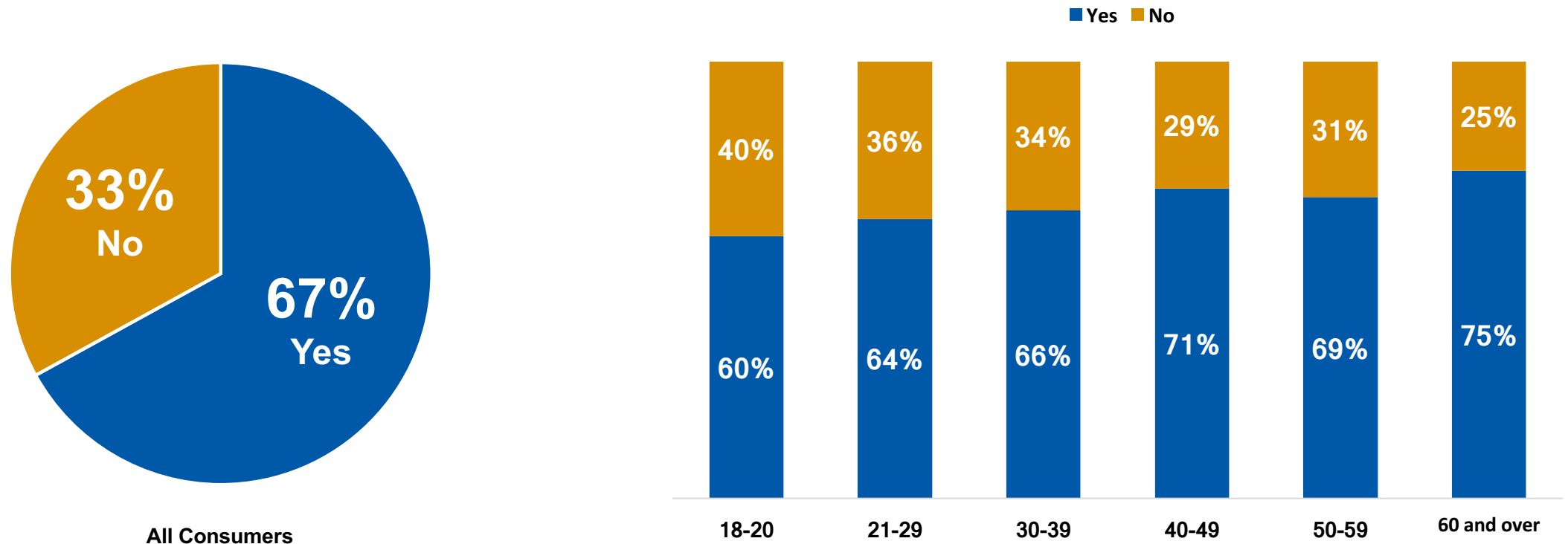
Target – Print Circular – 12/4/2016

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

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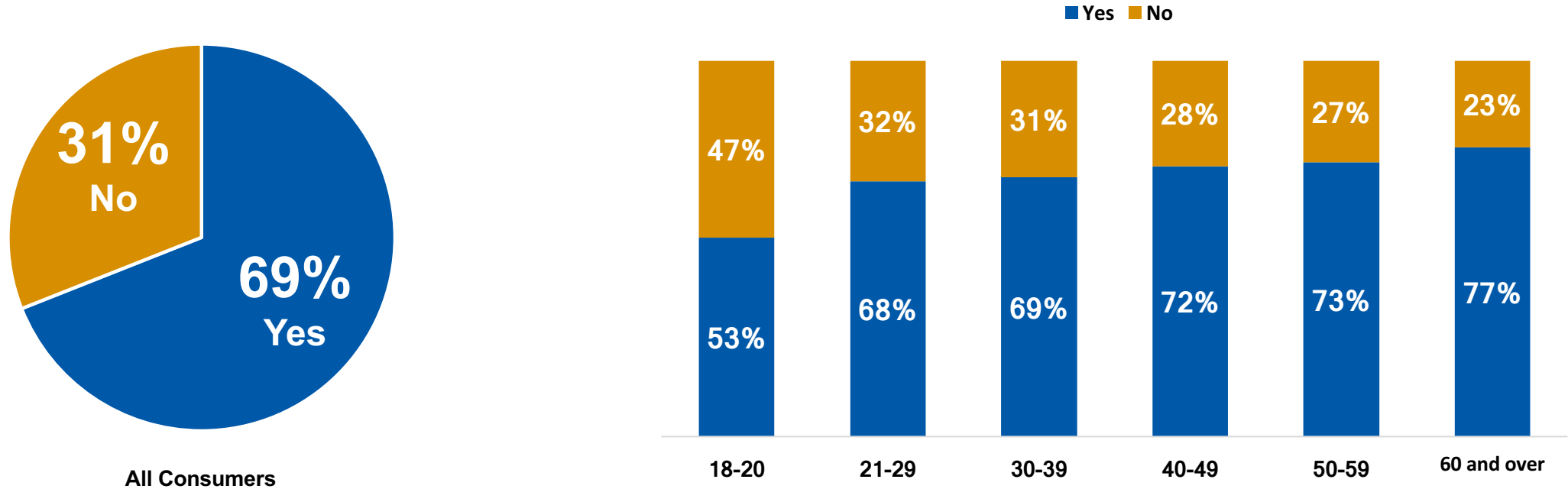
A majority of shoppers also believe they aren't sacrificing quality when they buy private label, though younger consumers have more quality concerns than older

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?



Retailers segment their private label brands to give shoppers options

Safeway Private Label Brands

Food and Beverage

- O Organics
- Open Nature
- Lucerne Dairy Farms
- Signature Café
- Signature Select
- Signature Kitchens
- Signature Farms
- Primo Taglio
- The Snack Artist
- Refreshe
- waterfrontBISTRO
- Eating Right

Home & Health

- Signature Home
- Safeway Care
- debbi lilly design
- mom to mom
- Bright Green
- Priority Total Pet Care
- Fresh Décor



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



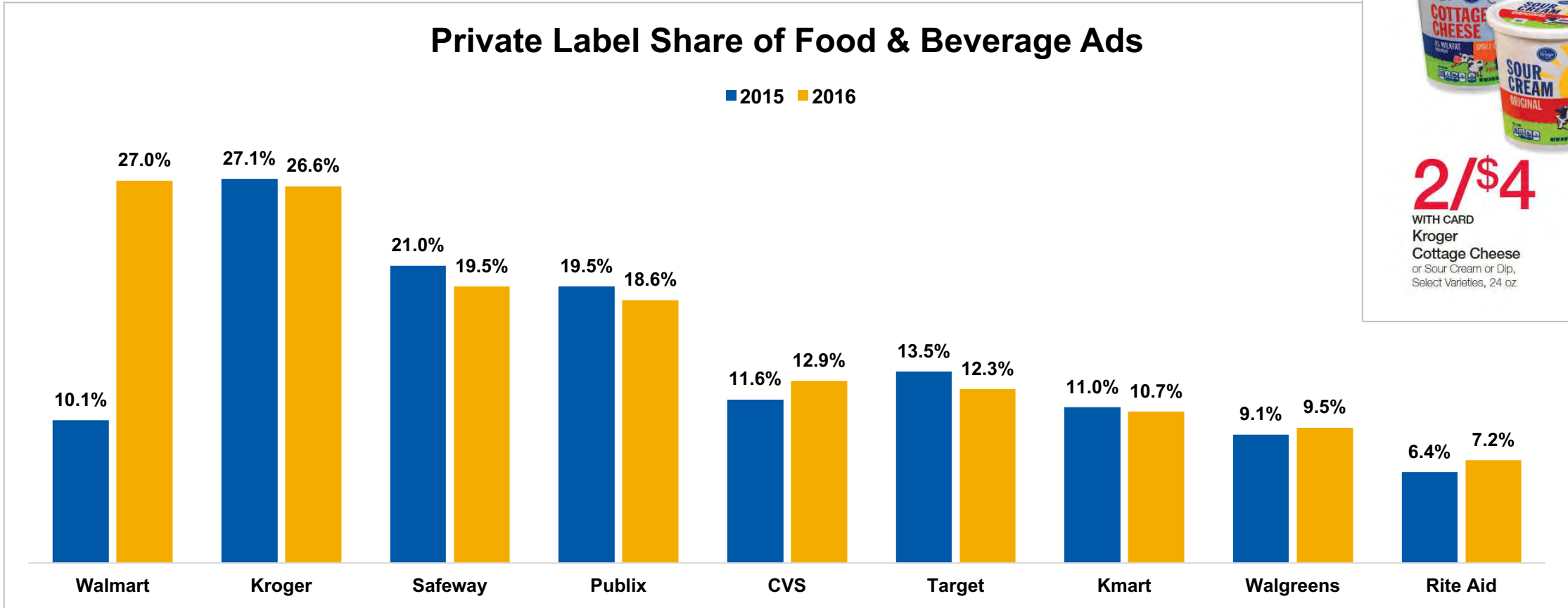
Walmart allocated a much larger share (nearly 3x) of their food & beverage ads to private label products in 2016 compared to 2015

Kroger – Print – 3/22/2017



Private Label Share of Food & Beverage Ads

■ 2015 ■ 2016



Leading grocery stores also tend to promote their private label products in family ads featuring multiple store brands and products



Kroger - Print - 3/22/2017



Publix - Print - 2/23/2017



Safeway - Print - 1/23/2017

Share of Offer Types Among Private Label Brands in the Food & Beverage Category

Grocery Stores - Last 24 Months Ending March 2017

	Family Ad	BOGO	Calculated Reg Price	Limited Time Offer	E-Coupon	% Off	In Ad Retailer Coupon	Other Buy/Get	Free w/ Other Purchase
Publix	7.7%	8.2%	0.0%	0.6%	0.0%	0.9%	2.2%	0.5%	0.8%
Kroger	8.8%	0.5%	5.1%	0.2%	1.7%	2.1%	0.0%	0.7%	0.5%
Safeway	6.4%	0.8%	4.5%	12.0%	8.0%	0.3%	0.6%	0.7%	0.4%

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



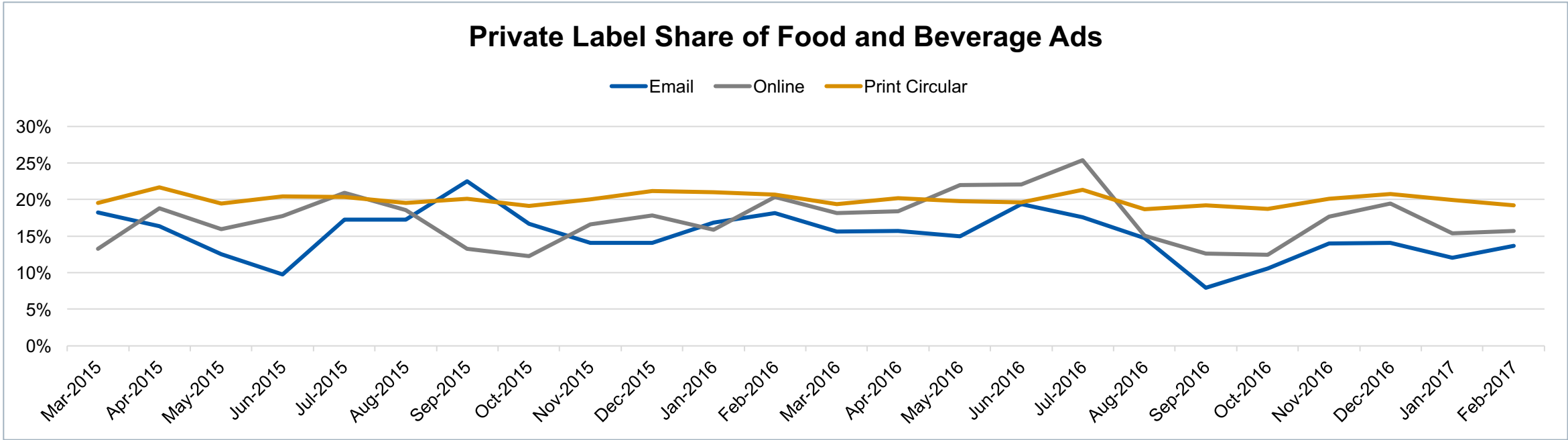
Print – Acme – 2/24/2017



Email – Safeway – 1/6/2017



Online – Bi Lo – 2/1/2017



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

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Retailers use email for more event-specific food & beverage promotions, such as “Chomp the Competition” for a snacks promotion ahead of Super Bowl



Kroger – 3/14/2017



Walgreens – 1/29/2017



Giant Eagle – 2/9/2017



Giant Eagle – 3/13/2017



Giant Eagle – 2/23/2017



Aldi – 2/1/2017

Other digital advertising channels have been used to build awareness around private label brands



CVS – Mobile - 10/29/2016



Publix – Online Display - 11/9/2016



Publix – TV – 10/10/2016



Albertsons – Online Display 3/18/2017



Aldi – TV - 2/20/2017



Stop and Shop – TV - 1/6/2017

Social media gives retailers a channel through which they can develop the quality perception of their store brands using live demos and telling brand stories



CVS – Twitter - 3/23/2017



Kroger – Twitter - 3/7/2017



Giant Eagle – Facebook - 3/21/2017



Jewel-Osco – Facebook
2/26/2017

Albertsons has a “live” series on Facebook featuring O Organics private label brand



1/31/2017



2/15/2017



2/10/2017

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)