


AT THE CHECK-OUT



The what, how, when, where and why of effective marketing & video advertising for FMCG brands in 2021

Sustaining growth after the pandemic

The challenges of 2020 have led to sales growth for FMCG brands in a range of sub-categories including grocery and alcohol.

Record-breaking growth has occurred despite falling ad spend. Although this makes for strong profits in the short term, it also makes way for opportunistic challengers at a time when consumer behaviour remains in flux.

As much as we'd like it to be, the pandemic isn't over yet. And this means purchase behaviours remain unstable.

It's an ongoing time of change and history shows category leadership is created at such times, particularly when brands maintain or increase ad spend.

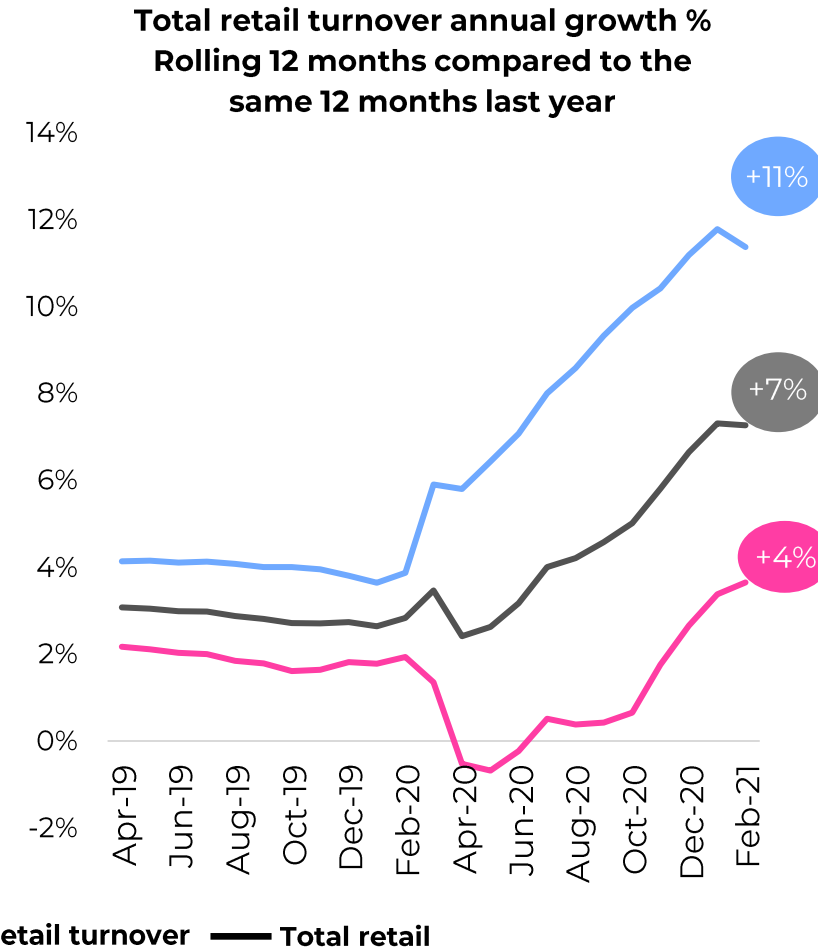
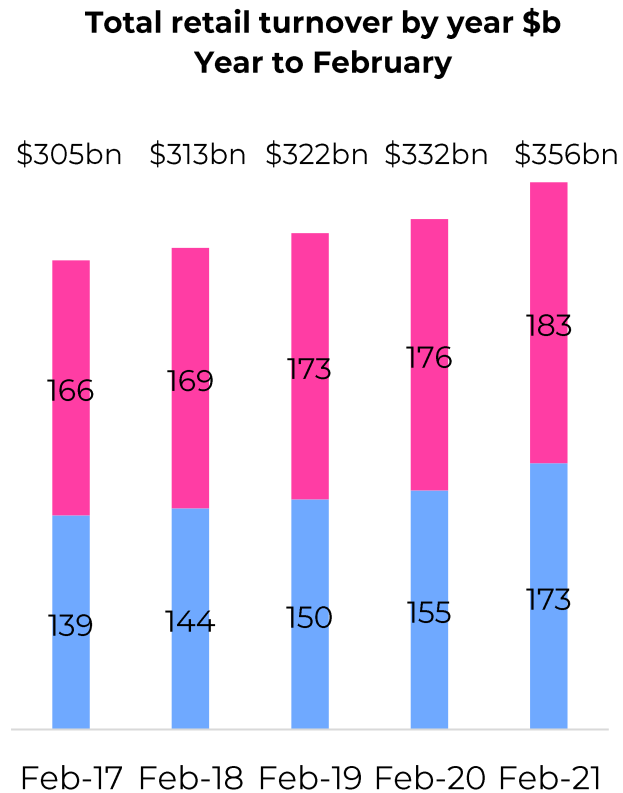
There is a flipside, of course, as brands that fail to recognise the importance of longer-term brand building become flotsam when the tide eventually turns.

The key to determining whether brands will rise or sink in the coming months is media selection.

In 2020, retail growth was driven by FMCG

Changing consumer circumstance has led to record growth rates for FMCG:

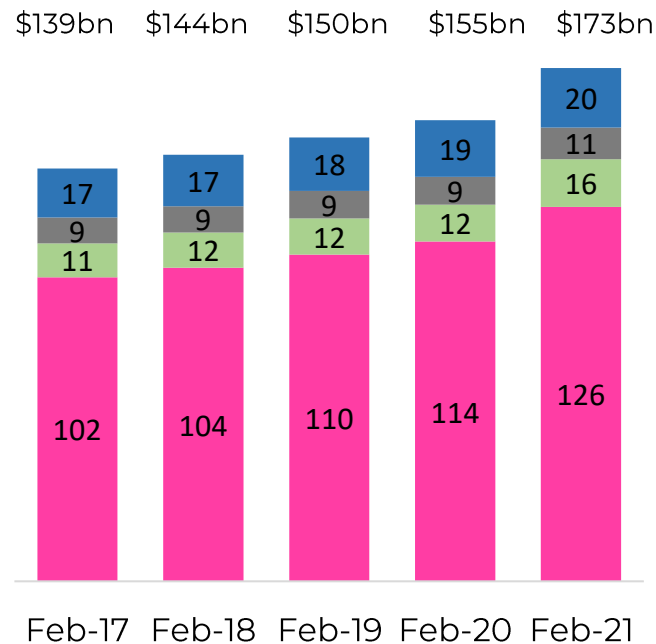
- \$356b total annual retail sales represents 7% growth against February 2020
- \$173b FMCG retail sales represents annual growth of 11%
- While retail sales are static, FMCG growth is at a 20-year high.
- FMCG growth continues to increase beyond lockdown panic buying



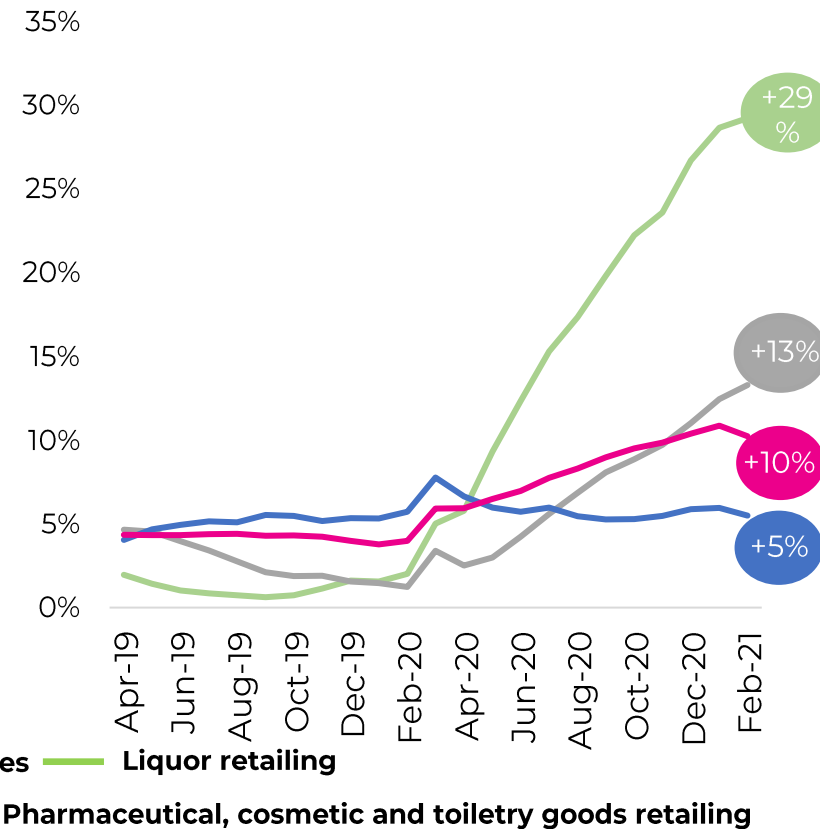
Liquor & grocery sales surge ahead

- In February 2021, the grocery sector accelerated to a 25-year high, up 10%
- Liquor sales are at a 14-year high, up 29%
- \$9.5b online food sales for the year to February 2021 represents annual growth of 65%

**Total FMCG retail turnover by year \$b
Year to February**



**FMCG sub-sector turnover annual growth %
Rolling 12 months compared to the same 12 months last year**

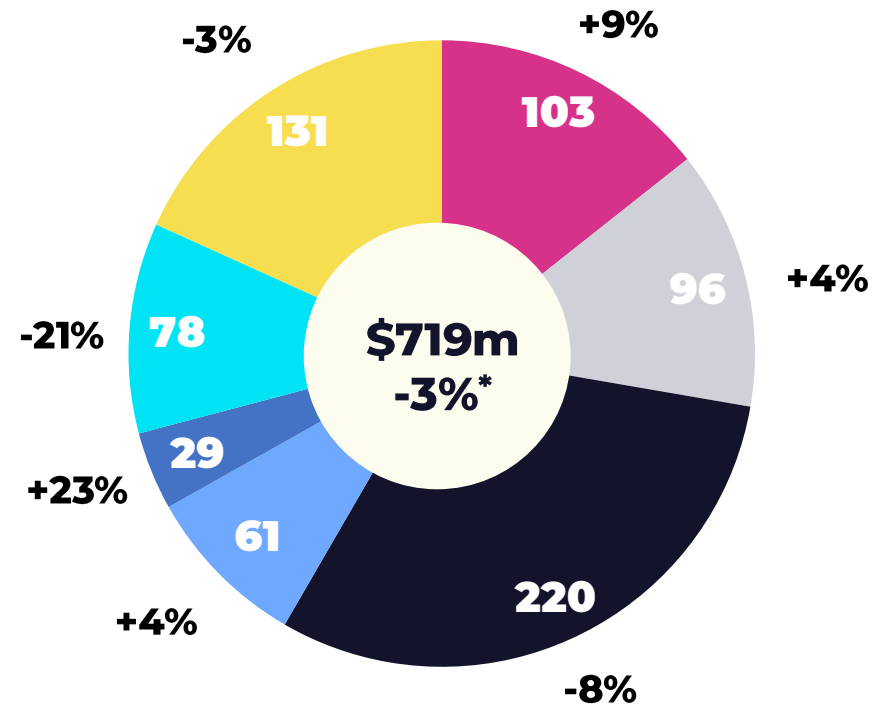


When to advertise?

The time to advertise is now

FMCG brands can gain a bigger share of a bigger market

Total FMCG ad expenditure FY20 versus FY19



- Beverages alcoholic
- Beverages non-alcoholic
- Food
- Household products & cleaners
- Pet care
- Pharmaceutical
- Toiletries/ Cosmetics/ Dental

**Investing now to
grow mental
availability in the
longer term
sets brands up for
success post
pandemic**

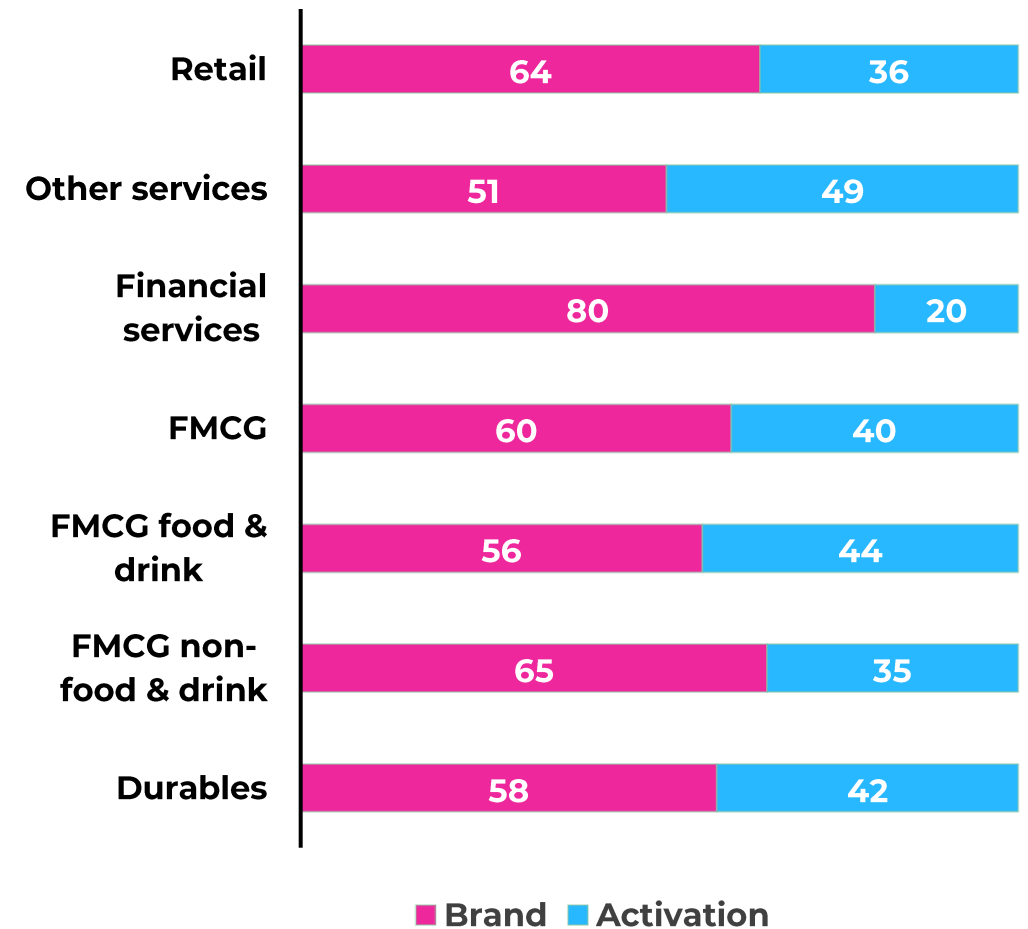
What to say?

Be brand focused: build brands to build business growth

Binet & Field's extensive analysis of effective campaigns across a range of categories established the 60:40 rule. The theory is that maximum impact is delivered to brands that allocate 60% of marketing investment to brand building and 40% to short-term activation.

Ratios differ by sector with food & drink warranting less than 60% brand advertising, and non-food & drink warranting slightly more brand advertising for long-term business value.

Coupled with emotive messaging that reflects current consumer challenges, brand-building campaigns will be effective as Australia emerges from the COVID crisis.



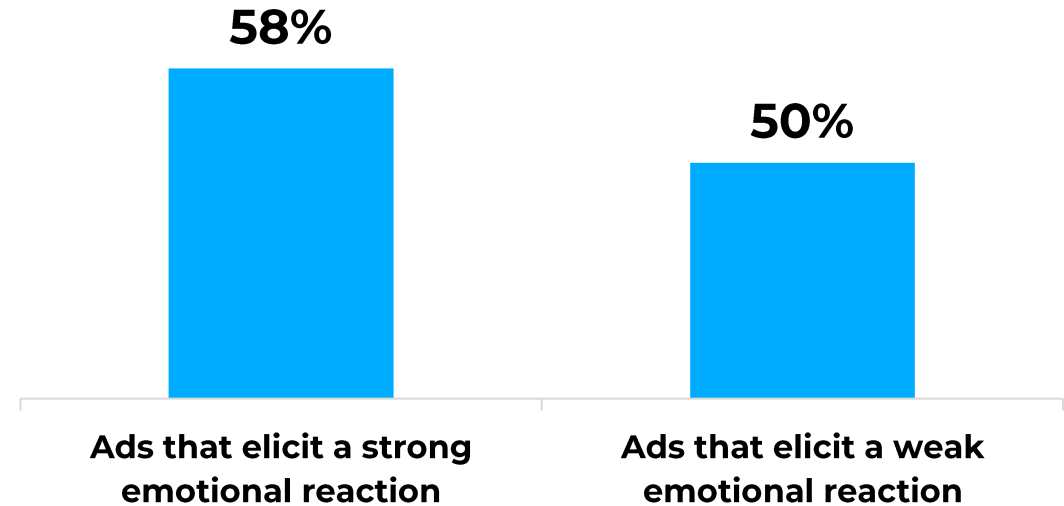
How to say it?

Say it with feeling

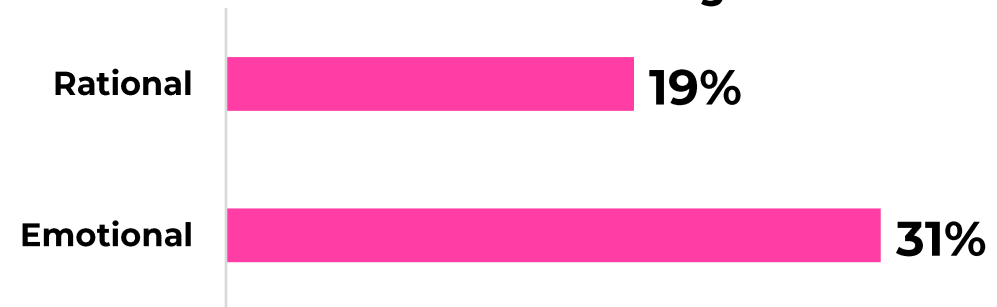
Ads that elicit strong emotional reactions get more attention and increased sales impact

"Emotional advertising works best even for highly researched purchases." - Binet & Field

Comparison of attention %



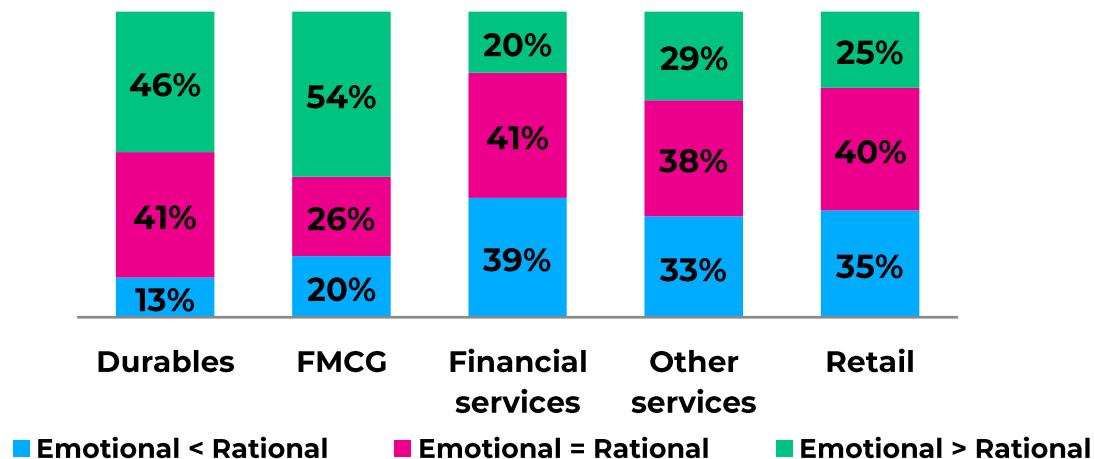
Two year profit effect of emotional messages compared to rational messages



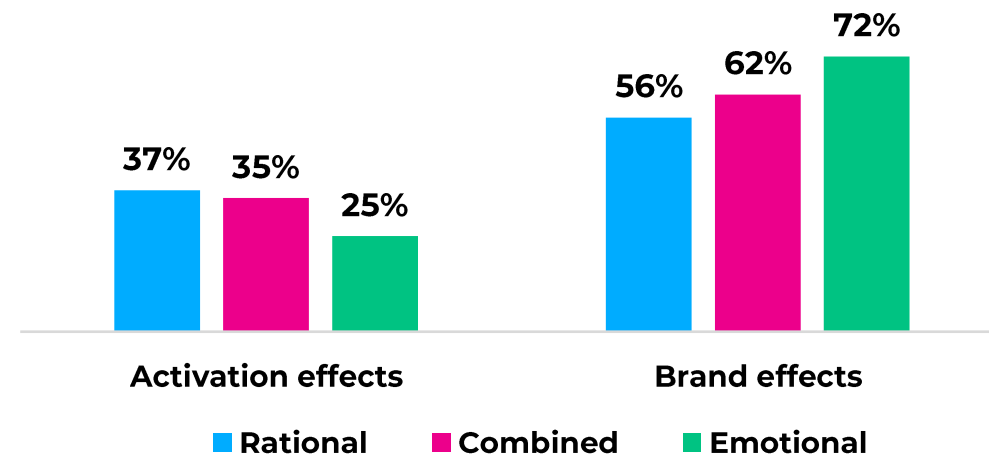
Say it with feeling

“The balance of emotional v rational brand consideration has a major impact on the potency of emotional and rational advertising.” – Binet & Field.
For FMCG, product choice is driven predominantly by emotional considerations.

Emotional v rational consideration in the choice of brand



Percentage of campaigns that have very large effects



Nutrigrain leveraged Ninja Warrior with an emotion-driven brand campaign



BRAND AWARENESS **up 6% pts** (67% to 73%)
CONSIDERATION **up 17% pts**
PREVIOUS 4 WEEK PURCHASE **up 8% pts**



Australian Ninja Warrior presented the perfect contextual opportunity to promote Nutrigrain and generate brand awareness.

A multi-pronged campaign harnessed the broad reach of the ratings juggernaut and in the premiere episode of season four, Nutrigrain Ambassador and Ironman Matt Bevilacqua ran the course accompanied by an integrated 60-second content piece. The piece explained the Nutrigrain backstory before the run began and set the campaign up for success.

Engaging cinematography leveraged emotion with high action, high energy and high intensity in Nutrigrain's 'Unstoppable' TVC. For maximum integration and exposure, branded billboards were strategically placed to align with the run and a branded perimeter screen.

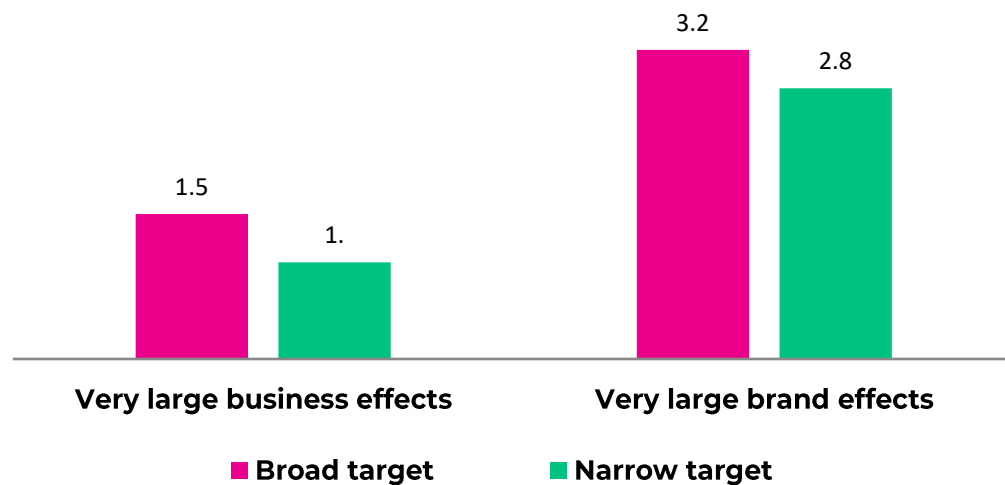
The result was a solid increase in brand awareness and purchase consideration.



Where to say it?

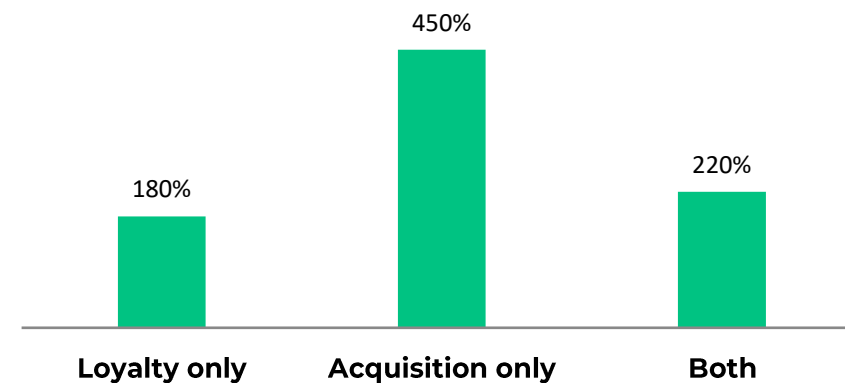
Reach a broad audience. Brands grow when video advertising targets broadly to reach all potential buyers

Broad versus narrow targeting



Broad reach makes campaigns successful, from business performance to brand building outcomes.

FMCG annualised market share growth

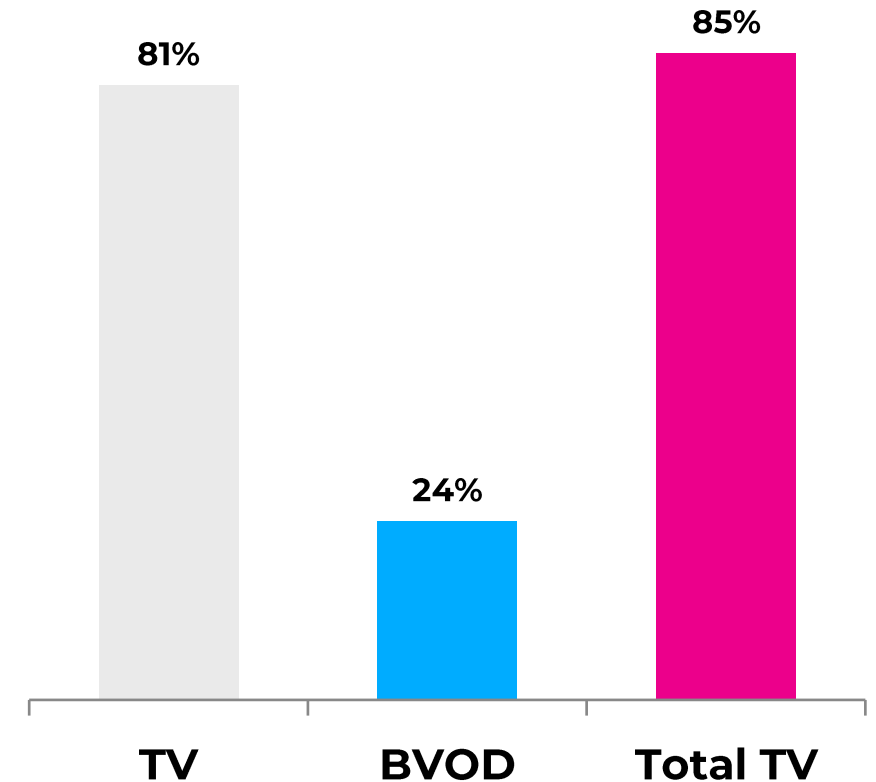


FMCG brands get three times the impact from high reach acquisition campaigns compared to loyalty campaigns which target existing customers.

Reach is the biggest driver of video advertising effectiveness and nothing beats the mass reach of TV

- Successful campaigns reach all potential buyers.
- Binet & Field and Byron Sharpe agree reach is the biggest driver of advertising effectiveness.*
- Total TV engages 85% of Australians every week and this is growing.
- TV is increasingly being consumed online, both live and on-demand.
- BVOD is Australia's fastest growing media with more than 1.6 million hours of BVOD content consumed every week as more and more Australians embrace the platform.

Total TV engages 85% of Australians every week

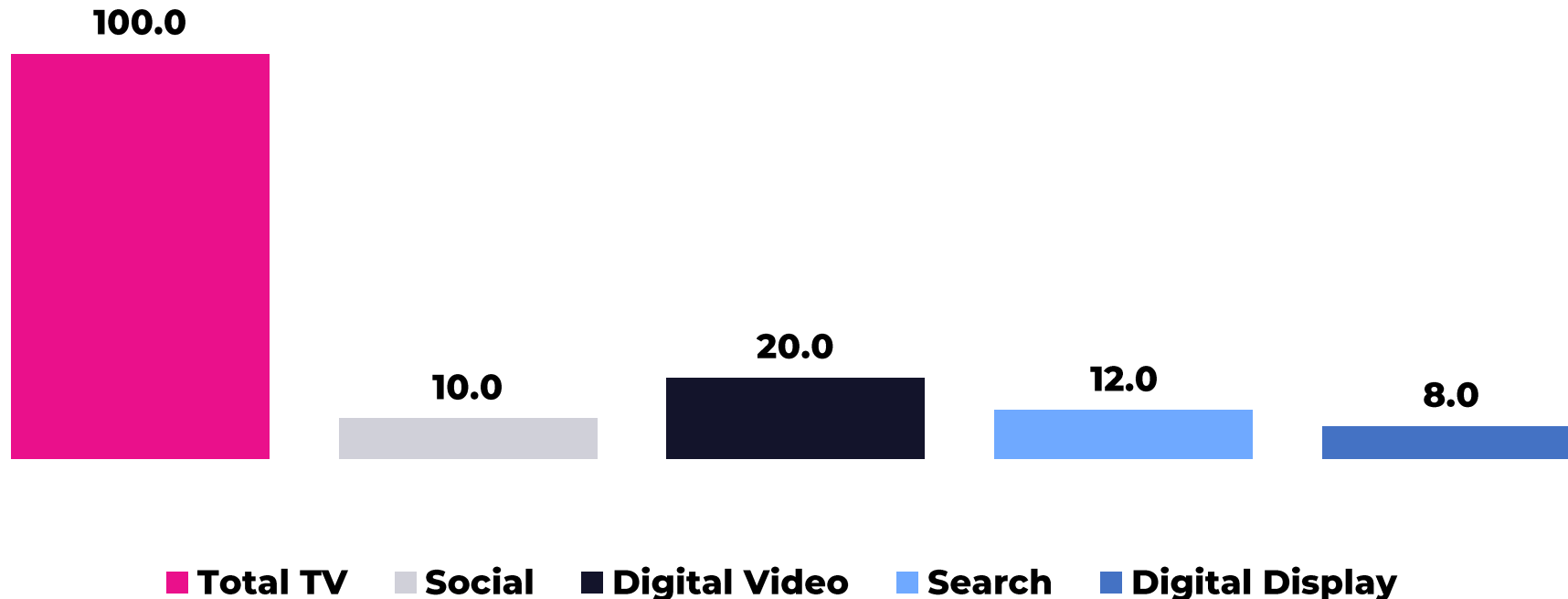


Source: OzTAM and Regional TAM databases with Overlap homes de-duplicated. Jan-Jun 2020. Average 1-minute weekly cumulative reach across the population in OzTAM and Regional TAM coverage areas. Includes live viewing and playback through the TV set within 28 days. Time bands use the industry standard 26-hour TV clock: 0200-2600 = 2am-2am; 1800-2400 = 6pm-midnight. *Marketing in context, Binet & Field. How brands grow, Byron Sharpe.

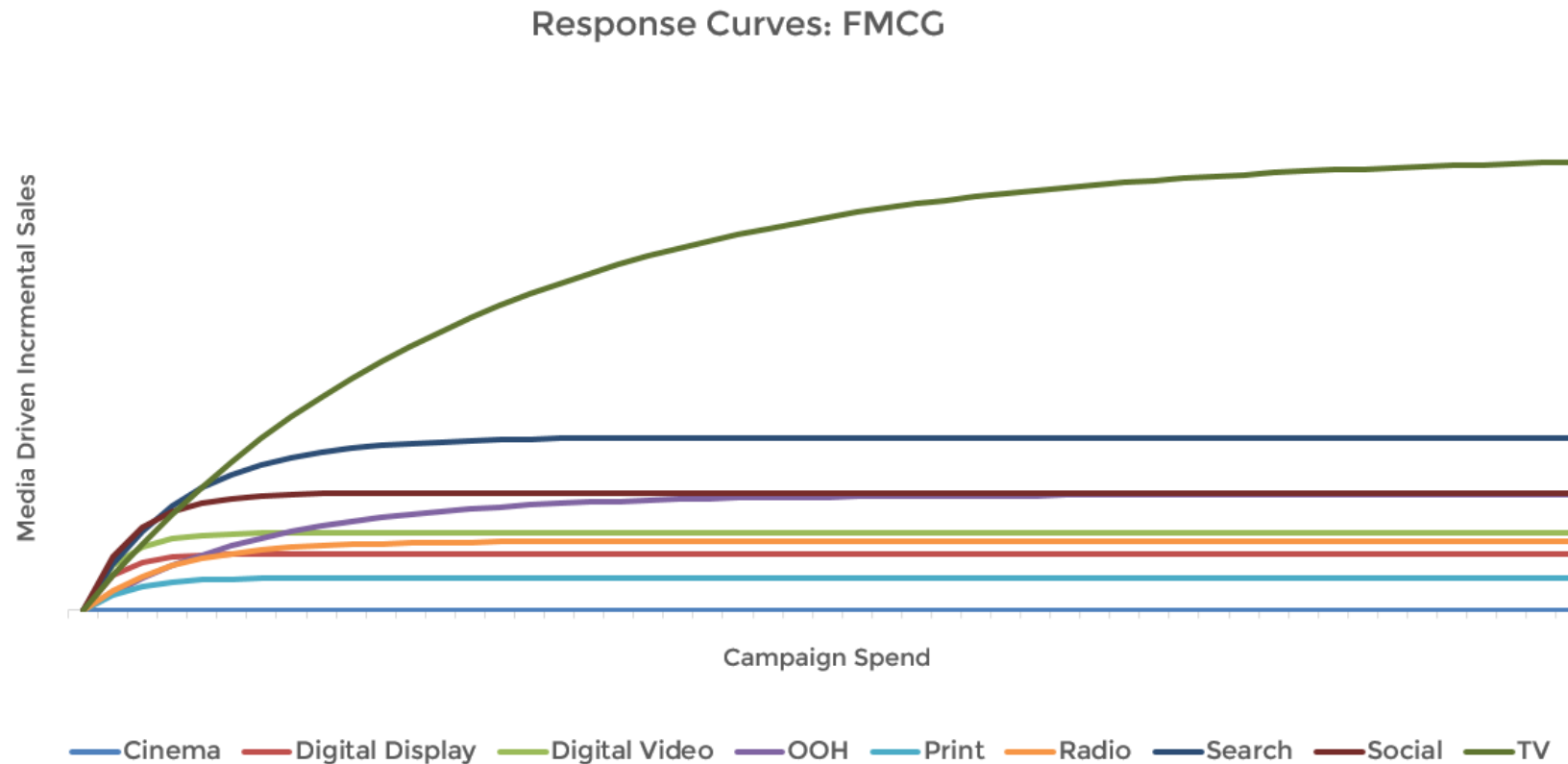
How can I be certain?

Total TV delivers 5x the sales volume of the next best channel in the FMCG sector

Sales volume contribution indexed to TV (TV=100)

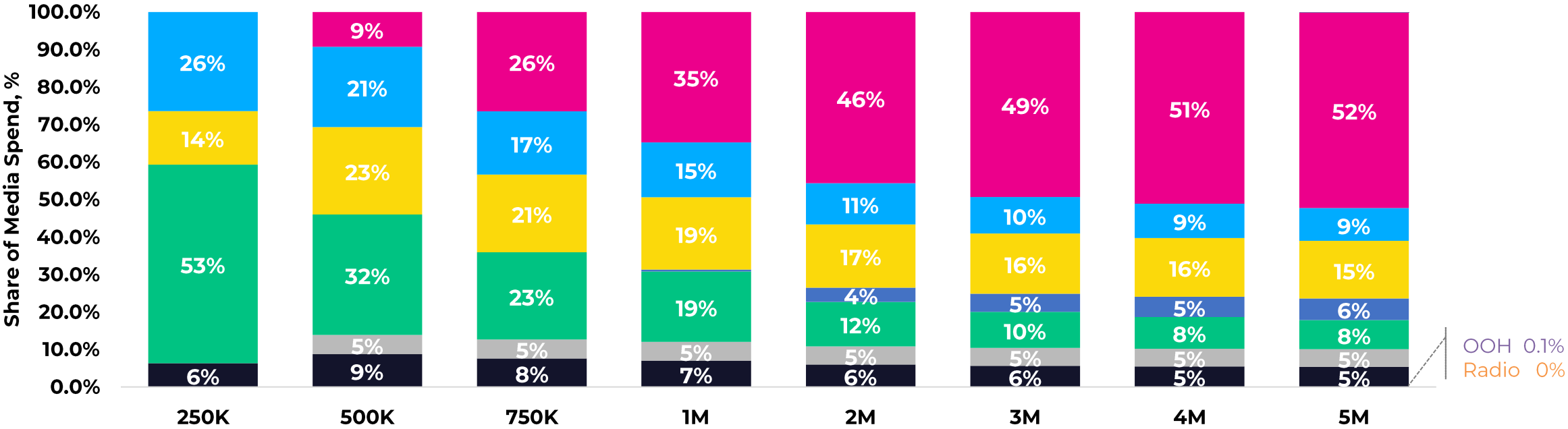


When allocating budgets, keep in mind that Total TV is more scalable so continues to deliver incremental sales as spend increases



As campaign spend increases, optimised campaigns allocate an increasing portion to Total TV, because TV continues to drive incremental sales.

Optimized Media Deployment by Budget



Source: 'Demand Generation', Feb 2021, Mindshare/MediaCom/Wavemaker/GroupM/Gain Theory



6 ways to ring up the sales

- 1. Invest in advertising now to secure a strong position post pandemic.** A decline in advertising spend during COVID, amid changing consumer behaviour, presents an unrivalled opportunity for challenger brands to unseat category leaders.
- 2. Building brands builds businesses.** Binet & Field recommend a 60:40 split between brand building and brand activation in the FMCG sector: 56% brand for non-food and 65% brand for foods.
- 3. Say it with feeling.** Advertising that elicits an emotional response garners more attention from consumers and delivers bigger business impact.
- 4. Reach a broad audience.** Brands grow when video advertising targets broadly to reach all potential buyers.
- 5. Total TV is a workhorse for FMCG brands.** Total TV delivers 5x more volume sales than any other media channel in the FMCG Sector.
- 6. TV is scalable.** As budgets increase so should the proportion of TV in your budget.

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