Enhancing CPG Brands

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Early in the COVID-19 pandemic, consumers made a run on some products (e.g., toilet paper) leaving store shelves empty and consumers looking for alternatives. As a result, e-commerce channels lit up as consumers hunted for products. Brand loyalty was tossed out the window as desperate consumers made product availability and price their motivating purchase factors. As we slowly emerge from the pandemic, brands are looking to regain their footing with their one-time loyal customers. John Williamson, an Account Leader at ddm marketing + communications, suggests consumer packaged goods manufacturers should start this effort by looking at their brand strategy.[1] He writes:

"Think about a brand — maybe a big corporation — that has a hierarchy of other brands and services. Maybe you're thinking about Amazon which has Prime Video, Audible, and Amazon Echo. Or maybe P&G which owns Gillette, Pampers, Tide, Cascade, and Old Spice. Unilever owns everything from Ben & Jerry's and Skippy to Lipton and Dove. While all these corporations sell different products and services, what they all have in common is a clear brand hierarchy. Brand hierarchy is a structure that has a top-level parent company or corporate brand, a secondary level of family brands, and, below that, individual brands. Brand hierarchy isn't only reserved for large corporations. Any organization that is composed of multiple brands or services can develop a clear structure, and they should. A lack of organization and intention can undermine business planning and confuse buyers. By clearly defining how your brands and products differentiate and relate to each other, you're able to market them more effectively."

Below are a number of expert recommendations about how manufacturers can enhance their brands to make them more appealing to consumers (both old and new).

• **Improve direct-to-consumer (DTC) channels**. Tom Standage (@tomstandage), editor of *The Economist*'s '<u>The World in 2021</u>', notes, "The adoption of new technological behaviors in response to the pandemic, from video-conferencing to online shopping, means usage has already reached levels that were not expected for many more years."[2] He adds, "Grannies have discovered online shopping." Although manufacturer/retailer relationships remain the most important channel for most CPG manufacturers, the DTC channel is gaining in importance. Rajiv Kumar (@rajivkumar9), founder and CEO of StoreHippo, explains, "Satisfactory consumer experience is on the top of the priority list of online retailers and enhancing brand value is their ultimate goal. As organizations look for ways to improve the customer experience, they are transforming their marketing programs to make them even more digital, precise, targeted, and personalized."[3] He adds, "As more brands are adopting personalization along the customer journey, from consumer experience to dynamic pricing and from product design to outreach, consumers now expect a certain level of personalized interaction at all touchpoints. Therefore, brands must integrate technology into their platforms as well as communication to ensure a unique and personal connection with customers and fulfil their desire to be understood and appreciated."

• **Identify and eliminate sources of brand confusion**. Williamson suggests, "As you study the various product lines in your organization's portfolio, you might discover some overlap. Think about each brand from a consumer's perspective: where might the consumer be confused about each brand's identity and what it represents? It's important for every organization to eliminate any internal confusion among its various brands. It's also imperative to eliminate confusion between its own brands and the similar products and services offered elsewhere in the marketplace. Where do any brand redundancies exist? What's the missing component that will allow each of your organization's brands to stand out?"

• **Enhance product attributes**. Journalist Steve Ellwanger (@steveellwanger) reports, "When it comes to choosing grocery products, attributes are bigger motivators of consumer choices than brand names. That's the main takeaway from consumer research firm The Hartman Group's 'Brand Ambition: Food and Beverage Private Brands & Beyond' report."[4] The report identified six attributes that make brands attractive to consumers. They are: 1) Price: "Is this a fair price? The right price?" Considerations: "Total cost of an item; price relative to perceived quality, relevance, experience." 2) Quality: "Will the item meet my taste/usage standards?" Considerations: "Ingredient list, flavor distinctions, personal recommendations, freshness, production techniques, compelling narratives." 3) Convenience: "Is this item easy to use? Readily available? Useful on multiple occasions? Empowering and engaging?" Considerations: "Format, location, directions, packaging." 4) Experience: "Will I relish using/consuming this item? Is the purchase experience, atmosphere enjoyable?" Considerations: "Simplicity, good design, pleasure, savoring, discovery, authenticity, inspiration." 5) Relevance: "Is this item necessary, meaningful? Can I customize? Will I/my family actually use/consume this item?" Considerations: "Full utility, no waste, need vs. want, family vs. individual use." 6) Quantity: "Will I avoid wasting this item? Will I get a lot of use out of this item?" Considerations: "Price per unit, right size packaging."

• **Develop a holistic strategy for the organization**. According to Williamson, "Every multi-brand organization should be able to envision its corporate hierarchy in a simple chart featuring a parent brand at the top and each subsidiary brand branching off. In this structure, the main corporate entity oversees multiple subordinate companies organized by their primary sales channels, or other market-defining characteristics. Once the organization's internal brand redundancies have been eliminated, the chart should practically fill itself out. This can be a useful tool for determining the common thread uniting every brand in an organization's portfolio, and where each brand aligns in the marketplace. As you study the chart, ask: is every product offered within the most suitable sales channel? Where do opportunities for re-branding specific products exist? Is there a better way to organize the chart with respect to the organization's long-term strategy, including any future brand acquisitions?"

• **Associate with relevant causes**. You read a lot about how younger consumers (i.e., Millennials and Generation Zers) pay close attention to causes brands support. Journalist Joe Mandese (@mp_joemandese) notes that choosing to associate a brand with a political cause can be a minefield. Nevertheless, he observes, "Consumers were already beginning to transition their brand expectations as the Millennium began turning, but it was a series of global crises — first the Great Recession, and more recently the COVID-19 pandemic, and a wave of social injustice outrage sparked by Black Lives Matter and George Floyd's murder — that accelerated the shift. The good news is that brand marketers have largely responded well, and data from Edelman's periodic Trust Barometer shows that many consumers now trust companies and their brands more than they do other institutions like governments, the media, etc."[5] He adds, "Needless to say, political brand activism could be risky, and a

slippery slope, because the minute a brand takes a political side on something, they will marginalize consumers with an opposing view. So it's a calculated risk, but the truth is very few if any brands can be everything to everyone, anyway, and it's more important that brand marketers stand up for and reinforce values, because in this next wave of consumer marketing, great brands have an opportunity to lead, not follow."

• **Articulate new brand strategy/strategies**. "With a long-term strategy in place," Williamson writes, "and a sustainable hierarchy of brands to build upon, it's time to refine specific brand strategies. What are the unique attributes and customer perceptions that each brand offers? What's the most effective strategy for leveraging these positive attributes and perceptions, while elevating each brand's position? Tackling these essential questions will require a ground-up approach to refining the verbal and visual expression of each brand."

Concluding Thoughts

Shelley Balanko, Senior Vice President of Hartman Group, notes, "When brands can stand for something consistent, it becomes a great heuristic for consumers. And part of the reason they lost their way is that they haven't delivered consistently."[6] By applying some or all of the suggestions discussed above, brands can be more consistent. If Balanko is correct, that consistency can turn consumers into loyal customers and product advocates as well. Williamson concludes, "Creating clarity in a multi-brand organization demands intention and a strategic approach — a proactive investment of time and energy. The alternative is an accidental brand structure that may cost an organization more due to internal and market confusion, cannibalized sales, and missed opportunities. A clearly defined brand structure, and effective brand positioning for each company within it, is the solid foundation of all excellent marketing organizations."

Footnotes
[1] John Williamson, "Three Ways To Cultivate An Effective Multi-Brand Strategy," Benzinga, 26 January 2022.
[2] Tom Standage, "New technological behaviours will outlast the pandemic," The Economist, 16 November 2020.
[3] Rajiv Kumar, "How modern e-commerce augments consumer experience and brand loyalty," Financial Express, 27 December 2020.
[4] Steve Ellwanger, "Report: Product Attributes More Important Than Brand Names," CPG FYI, 13 August 2021.
[5] Joe Mandese, "Why Political Activism Will Be The New Brand Purpose," MediaPost, 24 September 2021.
[6] Sarah Mahoney, "Research: Food Brands Keep Losing Power, As Ingredients Mean More," Marketing Daily, 26 July 2021.

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