



FNQ

FOOD INCUBATOR

CREATE | INNOVATE | ACCELERATE

MODULE 10

*Marketing Strategies to Build Your
Food Brand*

On successful completion of this module you will be able to:

- Differentiate between consumers and shoppers (or buyers)
- Define point of purchase and its role in the integrated communication mix
- Explain shopper behaviour at point of purchase
- Understand the in-store drivers of point of purchase decisions
- Understand the role and importance of packaging and labelling as marketing tools

Point of Purchase Strategies

In this module we consider the important role that in-store promotion and experience has on shopping and, most importantly, purchase behaviour. This module is therefore concerned with what influences shopper behaviour. This means considering the difference between the consumer and the shopper as in this topic we are focussing only on shoppers. While the consumer is the end user of the product, the shopper (or buyer), not surprisingly, is the person who actually buys the product from a store or vendor.

These may be the same individuals, but in many instances, and in particular when it comes to food purchases, they are not. Examples here should be easy to imagine, such as, mum or dad who does the weekly household shop and is buying protein for the weekly evening meals. Shall the meal be fish, chicken or pork? What size? What cut or preparation style? Inevitably they will not be simply considering their own preferences here but of all those who will consume the product.

In this shopper-focussed module we address three discrete, but interrelated topic areas:

1. Point of purchase marketing,
2. Packaging and
3. Labelling.

While point of purchase (POP) marketing broadly refers to all aspects of the in-store (and some of the out of store) marketing experience, packaging and labelling have their own distinct part to play in food marketing. Remember that all of these activities are part of the overall integrated marketing communication strategy – emphasis on ‘integrated’. These elements must be consistent with the overall communication strategy.

In the case of food where such a large part of the decision is made in-store, there is a good case that the development of IMC collateral should begin by developing these materials with POP first!

The average supermarket shopper can be exposed to 20,000+ products in a supermarket visit that may last less than 30 minutes. In addition, many purchases in their trip may be largely unplanned. As discussed in the branding module, food products often do not vary greatly functionally, so in-store motivations and activations at point of purchase can have significant impact on shopper's purchasing behaviour. So what exactly is POP?

In short, we can consider POP marketing as all those marketing exposures that are designed to have the shopper buy our product. These exposures generally occur in- store, but as a by-product of packaging (seen later) occur out of store also. POP marketing has an important impact on shopper purchase behaviour, in conjunction with the other elements of traditional consumer focussed marketing already looked at in this course. POP marketing is said to be one of the 'new' disciplines in the marketing field, although it has been studied commercially for some time. According to Point of Purchase Advertising International (POPAI, 2013) states that in the past, in-store marketing was considered different to, separate from, and not as important as out of store marketing. These perspectives have changed.

POP marketing activities are largely forms of promotion that are built around the product standing out from the clutter and catching the shopper's eye, which are used to facilitate impulse purchasing. One well-cited study by Phillips & Bradshaw (1993) suggests that unplanned purchase of grocery items might be as high as 51 per cent depending on the trip type. This implies there is a significant opportunity for marketers at point of purchase to gain sales. Seafood CRC research confirms that while up to 75% of food purchases are planned before a shopper enters the store, many of the items on the shopping list may

simply be 'tinned tomatoes' or 'fish' – with the brand decision still yet to be made in store (Retail Transformation 2010).

By definition, POP implies that the marketing message must be encountered on (or very close to) a shopping trip. POP exposures are frequently referred to as customer 'touch points' and have been shown in various studies to help contribute to the 'brand image' of products. There are various types of POP 'touch-points' including:

- Price promotions
- Multipack buys
- Product samples
- Taste testing
- Window displays
- Counter displays
- Floor stands/display bins
- Banners of any kind
- All types of open and closed display cases
- Digital & interactive media
- Aisle end caps
- Packaging
- Information pamphlets, recipe card holders etc.

Different POP materials and combinations of materials will be more suitable for different products/situations.

Market Research - The Big Picture

WHY YOU SHOULD DO AT LEAST A LITTLE MARKET RESEARCH:

When you're starting a business, getting to know your customers is one of the most important things you need to do. If you don't understand your customer, you don't know how you can help solve their problems. You don't know what kind of marketing messages and advertising will work. You don't know if your product or service is actually something your customers will spend money on.

MARKET RESEARCH REDUCES RISK

Don't just do market research because someone told you to do it. Don't just do it to fill in a section of your business plan. Instead, do market research to get to know your customers and prospects better. Do it because it will greatly reduce risk as you start your business. Do it because it will improve your marketing and sales process.

IF IT TAKES TOO LONG, YOU MIGHT BE DOING IT WRONG

The amount of research you do really depends on the type of business you are starting, how risky your business model is, and who might be reading your business plan. Detailed market research isn't necessary for all businesses.

If you already know your customers really well, then maybe you don't need to do as much market research. For example, if you've worked in an industry for a long time and are starting a new business serving that same industry, then you probably already know the market fairly well and don't need to spend as much time researching it.

DOES YOUR BUSINESS NEED MARKET RESEARCH? ANSWER THESE QUESTIONS TO FIND OUT:

- Are you serving a primarily local market?
- Does the category of business you are starting already exist?
- Do you have a plan for differentiating yourself from your competition?
- Do people spend enough on your type of business to support both you and your competition?
- Do you already know your industry extremely well from prior work experience?

Over the last 30 years there have been a great number of changes that have impacted shopper behaviour, for example, economic events like the GFC impact on consumer spending and confidence. New social trends like Twitter, Facebook and online purchasing have emerged, while there are new social norms such as women working increased hours and the prevalence of dual income households.

However, time is noted as the single biggest factor of change in our shopping behaviour. People work longer hours, have less time for leisure, have more store choice and shop in more stores, consequently spending less time in each store.

Similarly, Sharp's law of marketing states 'that people make many short shopping trips and fewer longer shopping trips. The most common shopping trips (about 15 per cent of them) are to buy a single item, even in supermarkets. In fact half of all trips result in five or fewer items being bought.'

This means that retailers should increasingly provide for these quick shopping trips by making it convenient for shoppers to find the few items that they are looking for.

The realisation across the retail distribution network, by marketers in particular, that significant influence can be exerted by successful in-store (or shopping trip centric) marketing, as well as advances in technology (interactive displays and experiential marketing such as in-store tasting/free samples etc.) mean the competition for the shopper's dollar and their attention has become increasingly intense and at the same time more time critical. This is mainly due to greater competition for shopper attention with less time to capture it in!

As a relatively new sub-discipline in marketing, unlike more well established theories of consumer and buyer behaviour, POP has very limited theoretical knowledge currently. There are, however, some pieces of knowledge that are crucial for marketers to know about how shoppers shop and hence why POP is important.

There are a number of empirically validated observations or 'laws' about shoppers. A number of these are particularly relevant for understanding why POP matters and also for what type of POP might matter. These include:

- A typical household buys only 300 to 400 stock-keeping units from a supermarket in an entire year.

This means that shoppers are quite selective and very loyal as they repeat purchase the same items again and again without a great degree of variety seeking – how often do you buy the same brand of jam or honey, or cheese?

Chances are it's fairly often. As most supermarkets can stock between 30,000 and 50,000 items, each trip is like 'looking for a needle in a haystack' This means that store space is generally very cluttered and as a result shoppers have to develop shortcuts (known as heuristics) to help them decide what to buy and where.

However, because of their loyalty, shoppers usually know where to find what they are looking for, meaning incidental POP marketing will have to be particularly effective to catch their eye if they are 'on a mission', as we often are when we shop.

The points below highlight some further shopper behaviours at point of sale.

- Food consumers (particularly fresh produce) buy with their eyes. Think of the last time you bought something from the fresh produce section, the deli, or the seafood counter in a supermarket – visual appearance is the predominant sense engaged in choosing what you will buy.
- Shoppers read very little in store — instead, they react to colours and symbols. (Note especially with an aging population – many shoppers cannot read small print without glasses – and some even have difficulty with glasses!)

‘Human beings are very visually oriented. Compared to our primate ‘cousins’, we rely far more on visual information and we make little

shoppers are very selective about what they read. Reading slows them down, dragging out the shopping trip. So, instead, shoppers learn to navigate using colours and symbols that allow them to find an item on a cluttered shelf quickly.’

- Shoppers have been trained to buy specials.

‘Shoppers like to save money, time and mental effort when shopping. Specials, especially when they are clearly flagged, allow shoppers to save all three. They reduce the cognitive effort needed to pick a brand from one’s repertoire by simply taking the one on special. Navigational aids can do the same thing; for example a tag that points out the bestselling item.’



LAVINI

certified organic
Eclipse Originals
Organic Certified
Paleo
Nut & Fruit Crunch Muesli

certified organic
Eclipse Originals
Organic Certified
Muesli
Nut & Fruit Crunch Muesli

certified organic
Eclipse Originals
Organic Certified
Granola
Luscious with Apple, Dates & Caramel

certified organic
Eclipse Originals
Organic Certified
Paleo

certified organic
Eclipse Originals
Organic Certified
Muesli

Eclipse Originals
certified organic

Despite the prevalence of food shopping in daily life, there have been relatively few studies of these shopping activities (in comparison to other food marketing studies). There are fewer again within food marketing literature.

RETAILER VS SUPPLIER/PRODUCER GOALS

An important issue to consider with in-store marketing is the different goals and objectives of the retailer versus the supplier, hence the need for both parties to work together. The supplier wants as much exposure in the best location for their product in store, however the retailers' goal is to maximise their return in each product category. The retailer owns the floor and shelf space. Ideally, retailer and supplier should work together for a win/win scenario, but this does not often happen in practice, with typically one or the other (in Australia's case, usually the retailer) having the most power. Therefore, for a food product to be successful, it needs to be available through Coles and/or Woolworths. The reverse is not so often true, i.e. that the retailer has to stock a certain brand to attract customers.

While the supplier often has the best understanding of the consumer (e.g. why they buy), the retailer has the best knowledge of how they buy (e.g. what time of day, which aisles people go into, what products are bought together etc). Successful in-store promotion requires both parties work together. Collaboration is key!



RETAILER DECISIONS

While the supplier just considers their own range of products, the retailer has several in-store decisions to address. These can be thought about on three levels.

Store level decisions include issues such as how many categories of product will be stocked, where will each category be located within store (and how much space), which categories will be located next to each other, and how the store will flow.

Category management refers to managing a group of related products/brands together. For example the category could be 'baked goods' or 'tinned vegetables'. Typically in supermarkets, each category is separately managed and is like its own mini business. Decisions made at the category level revolve around how much space is available overall, how many brands/sizes, how much space per brand, where each brand will be positioned – so decisions are made regarding range, space and layout, visibility and price.

At the **product level**, decisions include the mixes of branded versus private label products that will be stocked, and the size variations of these products.

PRICING

The final driver to be discussed is pricing. Again, this is a major decision made at the retail level and covers issues such as the overall pricing policy of the store (think 'everyday low prices'), and again, the pricing differences between branded products, premium products and private label products. This area also covers decisions about sales promotion involving price, how often will products be put on sale, how deep the discounting will be, and whether loss leaders will be used.



TIPS ON WRITING A PRESS RELEASE

You won't have a budget for advertising for the earlier years of your business and therefore, achieving free PR in the media will be a vital part of your brand building. One of the ways which will help you to achieve this is issuing press releases.

- Think about the part of your business which would be of most interest to the public
- Do remember that what might be of most interest to you, might not be of interest to the reader or listener
- Sometimes the theme of your press release might focus more on the business aspects of your story and at other times the focus might be more on the food itself, or indeed your own personal journey
- Keep your press release to a single page if possible.
- Write it in the third person (as if you were writing about yourself and your business).
- Insert a quote from yourself
- Insert some interesting statistics
- Make sure you include your contact details and a high-resolution photograph

WHO SHOULD I SEND THE RELEASE TO?

- Sometimes you might just be targeting one particular journalist for publication. On other occasions, it might be a general press release that you want to get to as many sources as possible.
- Over time you need to start accumulating contact details for various journalists, food writers and bloggers.
- There are umbrella organisations which will get your message to multiple sources.
- Don't underestimate the power of relationship building. A journalist that you respond to quickly and with the appropriate information very often will come back to you on a later occasion as they know you will help them solve a problem.
Don't be afraid to make suggestions to journalists also if you have an idea for a good article that might involve them writing about a number of producers under a particular theme.
- Do think about the audience you are trying to get your message to, and the most appropriate channels for reaching them. An 'influencer' on social media could be more effective for a particular audience than print media or radio as an example
- Don't forget to keep the reach of your PR to cover a similar geographical area to where your product is selling. While achieving national media coverage is great, it will be wasted if the customers can't get your product when they go to their local shop

CASE STUDY

The Fermented Kitchen was founded by couple; Jacob and Kristy who are striving to educate people on the importance of eating good food, balancing your gut health and improving your overall well-being.

They offer a range of tasty, mouth-watering fermented foods and drinks, all hand made and bottled right in Cairns, Far North Queensland. Their kombucha is the perfect thirst quencher and healthy 'go to' drink, jam-packed with live cultures and organic acids that help the health of your gut and mind whilst assisting in digestion and many other glorious things that will have you feeling on top of the world.

Their products are all natural, raw and unpasteurised, gluten-free and paleo friendly. Jacob and Kristy have seen a huge increase in demand and have added a range of sauerkrauts to their product range.

With the help of FNQ Food Incubator food industry experts this start-up kombucha company went from making 10 litres a week from home to 600 – 800 litres a week from the facility. They not only stock their products in 25 different health food shops, deli's, cafes and fitness centres but have also expanded their range to include sauerkraut.

Whenever and wherever consumers are deciding between alternatives, brands play an important decision-making role; the key to success here is convincing consumers that all the product offerings in the category are not the same and that meaningful differences exist. Having an understanding about how our memory works helps to show why this is so important.

MARKETING PLAN CHECKLIST

Different markets and products likely require vastly different marketing strategies and tactics. So a Marketing Planning Checklist should allow for a range of marketing scenarios.

○ Write a marketing plan summary, including the following;

- your food business overview
- food product market overview
- food product marketing objectives
- food product marketing strategy

HINT! Complete your summary last, even though it comes first, that way you can use the key information from your detailed plan.

○ Provide a background analysis including a snapshot of the past, current and future status of your food business.

○ Include an overview of your food business covering the nuts and bolts of your food business and product;

- name, location, contact
- vision and mission statements
- owners, experience and structure
- product and/or service outline
- licence, registration and accreditation information
- short term and long term goals

HINT! Detail your short term and long term goals in a table with the goal/objective, a description and when it will be completed.

○ Do a SWOT analysis. Use a table to outline all your identified strengths, weaknesses, opportunities and threats. Then detail how and when you will address any weaknesses and threats.

○ Provide an overview of the market. This is essential to help you find the most effective way to reach your target customers. Include;

- market research and industry analysis
- target market and customer profile - demographic and lifestyle information such as age, gender, ethnicity, location or interests and a profile to help you visualise your ideal customer
- competitor analysis - their market share, strengths and weaknesses

HINT! Revisit this process regularly to ensure that your strategy remains relevant and targeted.

- Outline your marketing objectives, using the SMART rule. Also define your marketing mix using the 'P's of marketing; product, price, position/ place, promotion, people, process and physical environment.

HINT! Your digital marketing plan will fit in here under the promotion section, you will also need to think about branding, packaging or personal selling, PR and other offline forms of advertising and promotion.

- Detail your marketing activity plan specifying all of your marketing and promotional activity, including digital and social media activities, that you will undertake to achieve your objectives.
- Include your marketing budget and finance information.
- Include a section on measurement of your activities. List each of your objectives, when and how you will monitor or review them.
- Attach supporting documents such as your resume, market research such as surveys or other financial documentation.