Prioritizing in the Digital Age:

Metrics in the Third Dimension

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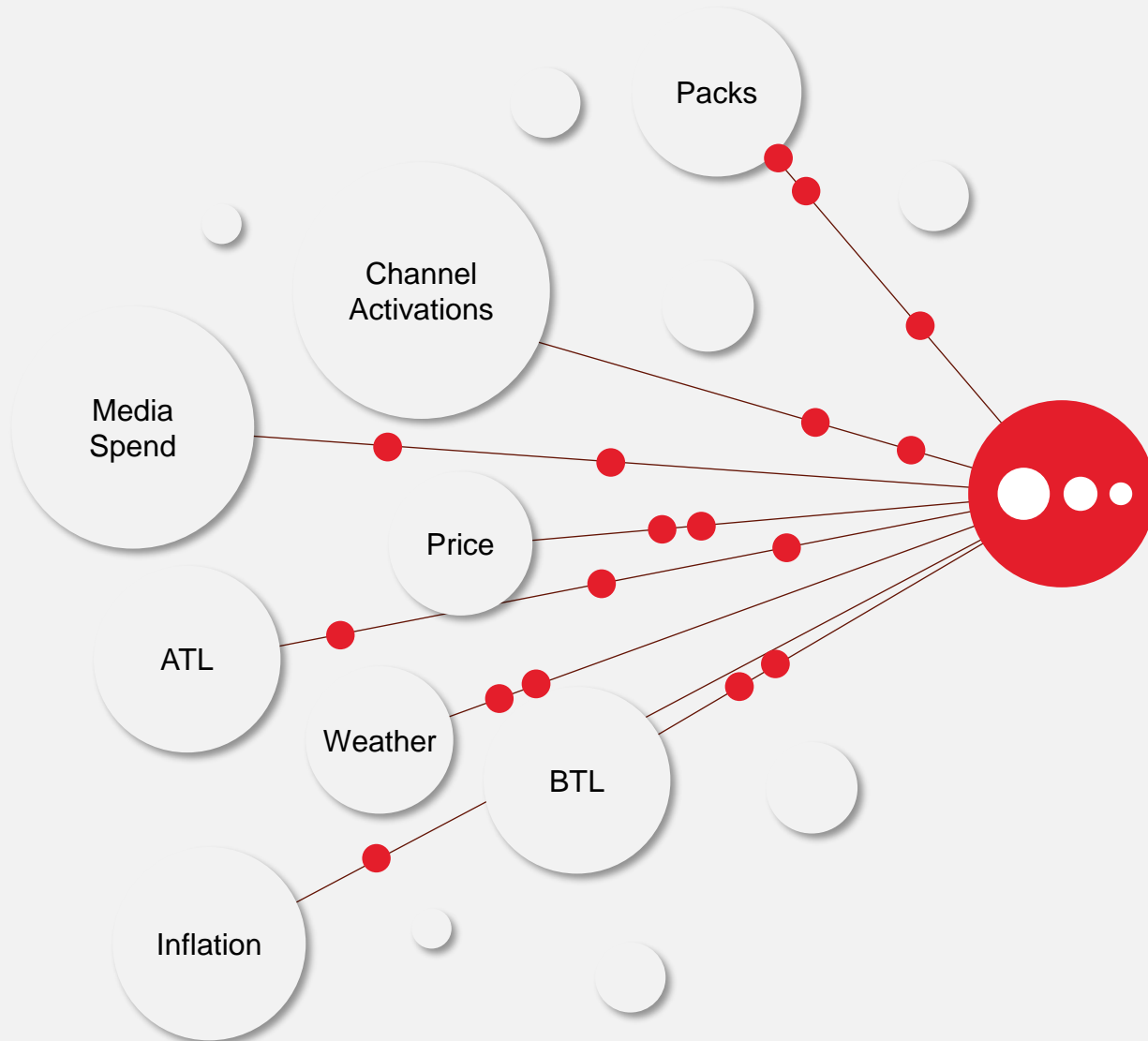10 October 2018

Bridges to cross:

Marketing initiatives & brand performance
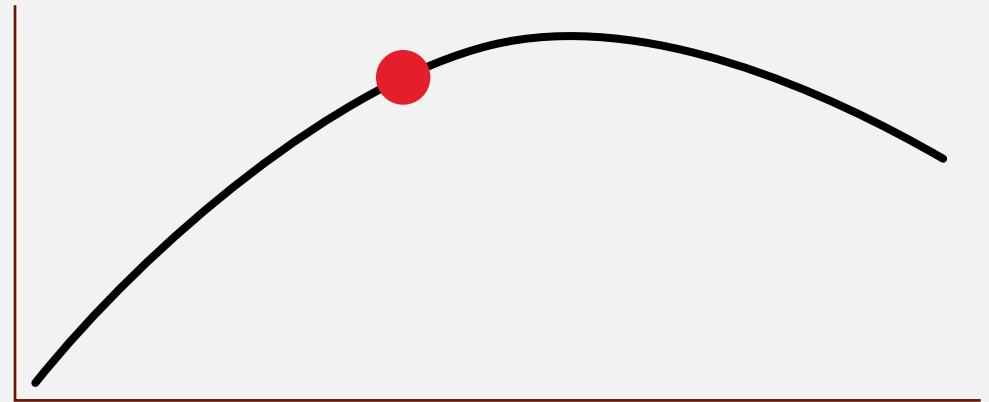
Insights & marketing community

Mathematical models and inspiring insights

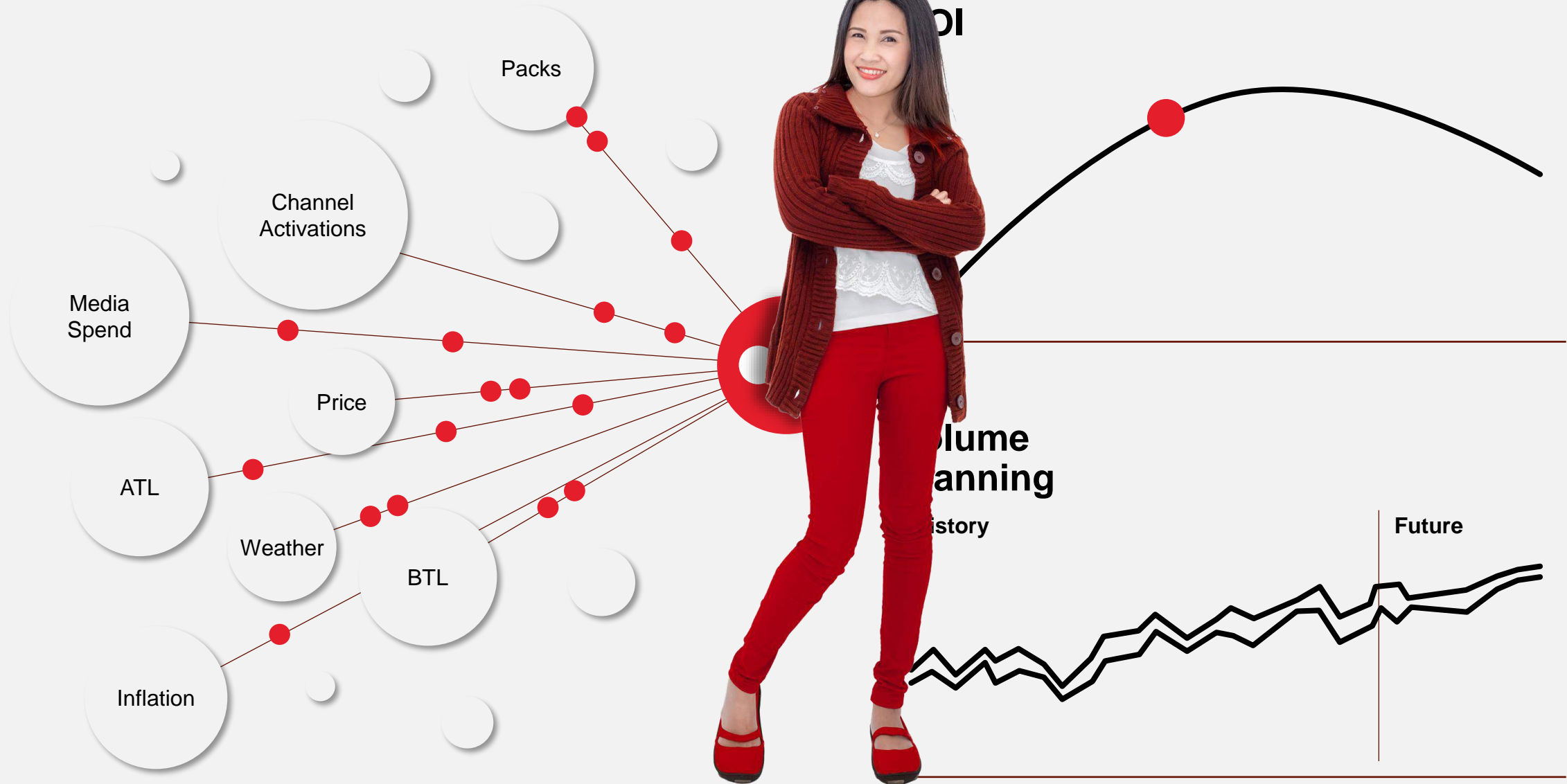# Great progress in using big data to optimize spend & short-term planning
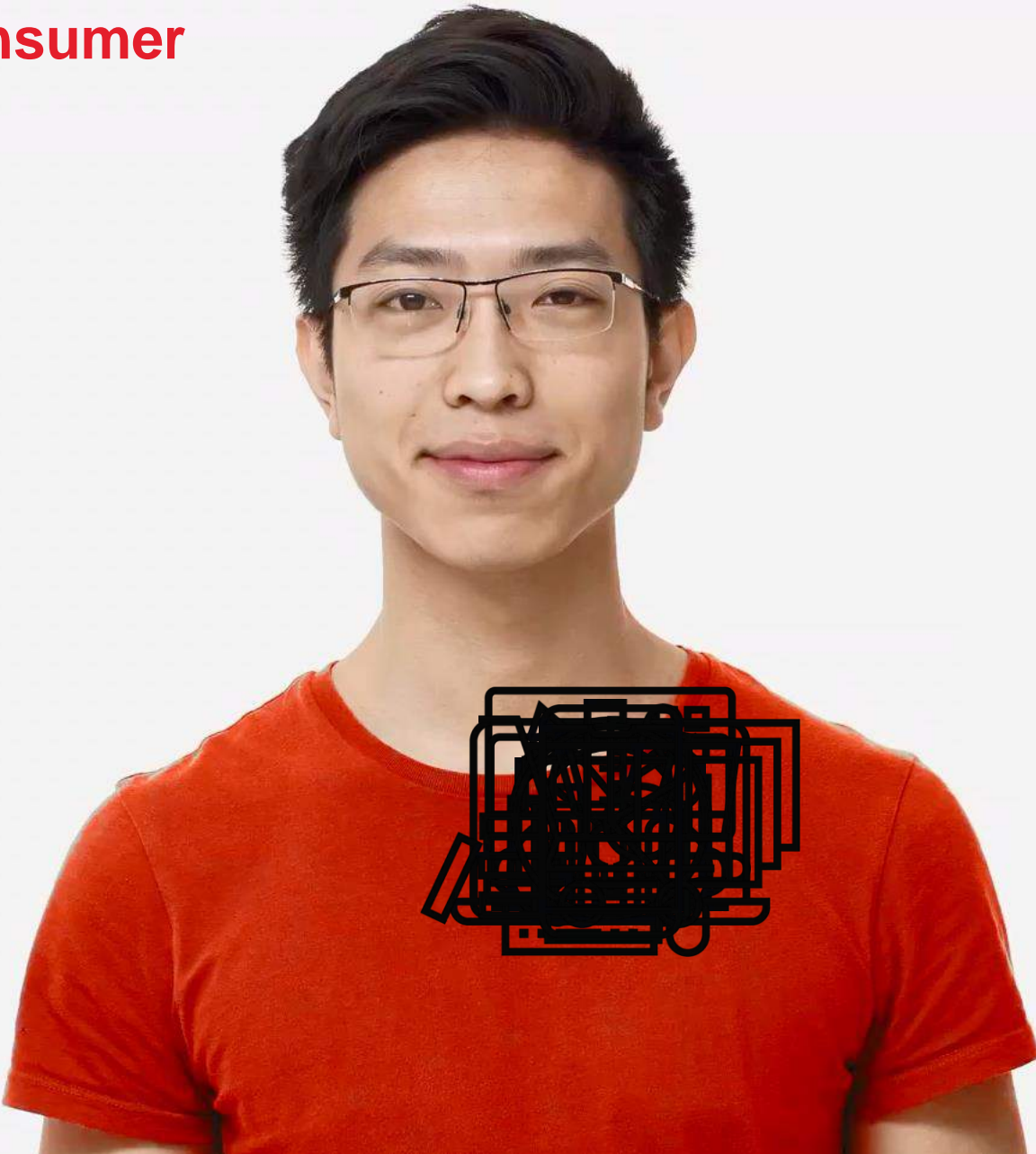

ROI

Volume Planning

History

Future

Packs

Channel Activations

Media Spend

Price

ATL

Weather

BTL

Inflation

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But how can we add consumer data in the mix?

ROI

Packs

Channel Activations

Media Spend

Price

ATL

Weather

BTL

Inflation

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Volume Planning

History

Future

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Measuring Consumer Behavior

People Make Choices

Simple stock & flow structure

And People Change Their Choices

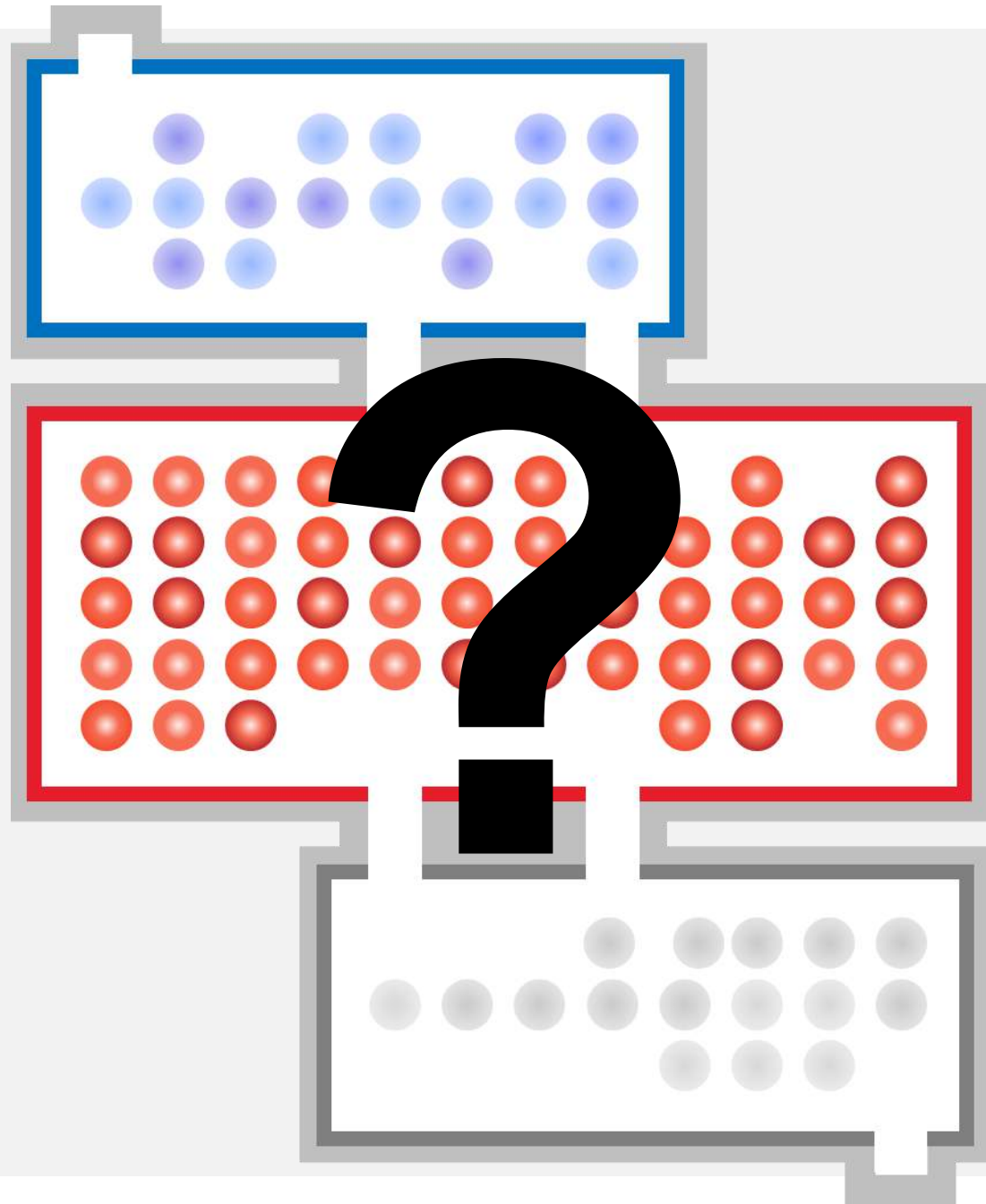**The Job of Marketing is to Impact These Change of Choices**

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7
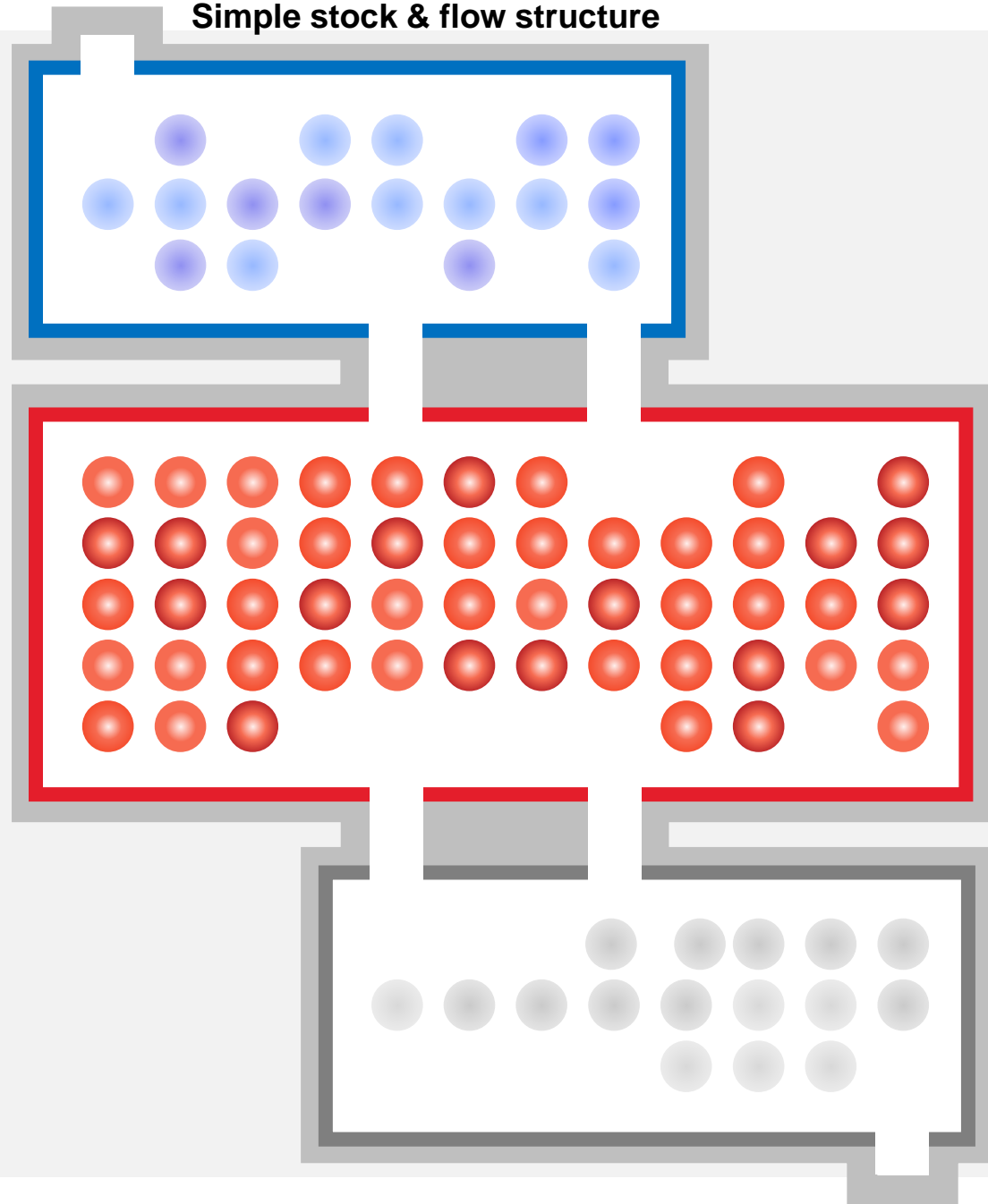
What are the right stocks and pathways?

Need to both reflect the structure of your market AND be actionable

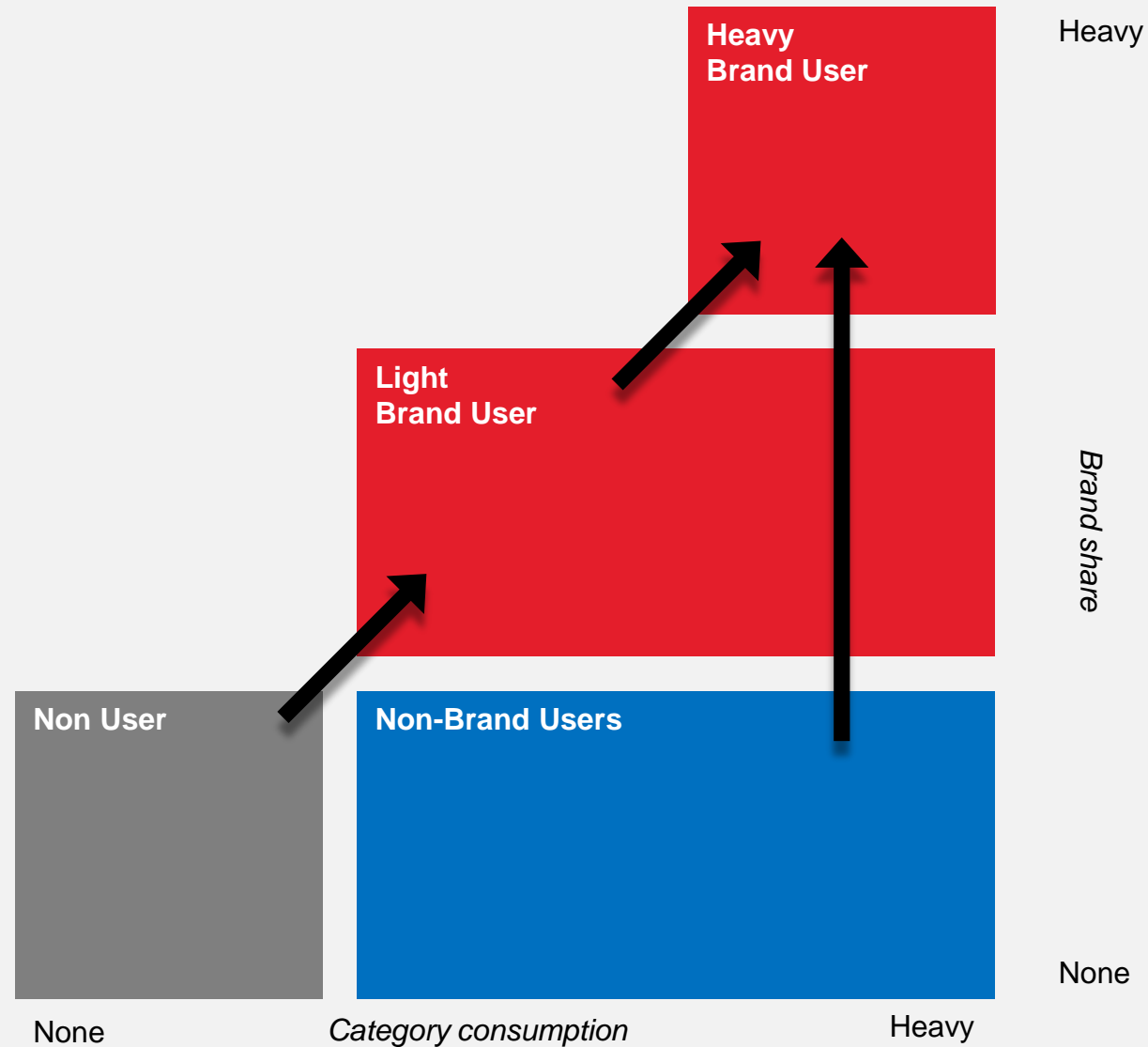# Quantifying Consumer Behaviors: The Switch Matrix

Number of consumers changing behavior over two years

	Population **2017**			
	Does not Consume	Non Brand User	Light Brand User	Heavy Brand User
Population **2016** Does not Consume				
Non Brand User				
Light Brand User				
Heavy Brand User				

Switch Matrix as Third Dimension Between our Actions and our Brand

Channel Volume

Consumer Behavior

Trackable Metrics

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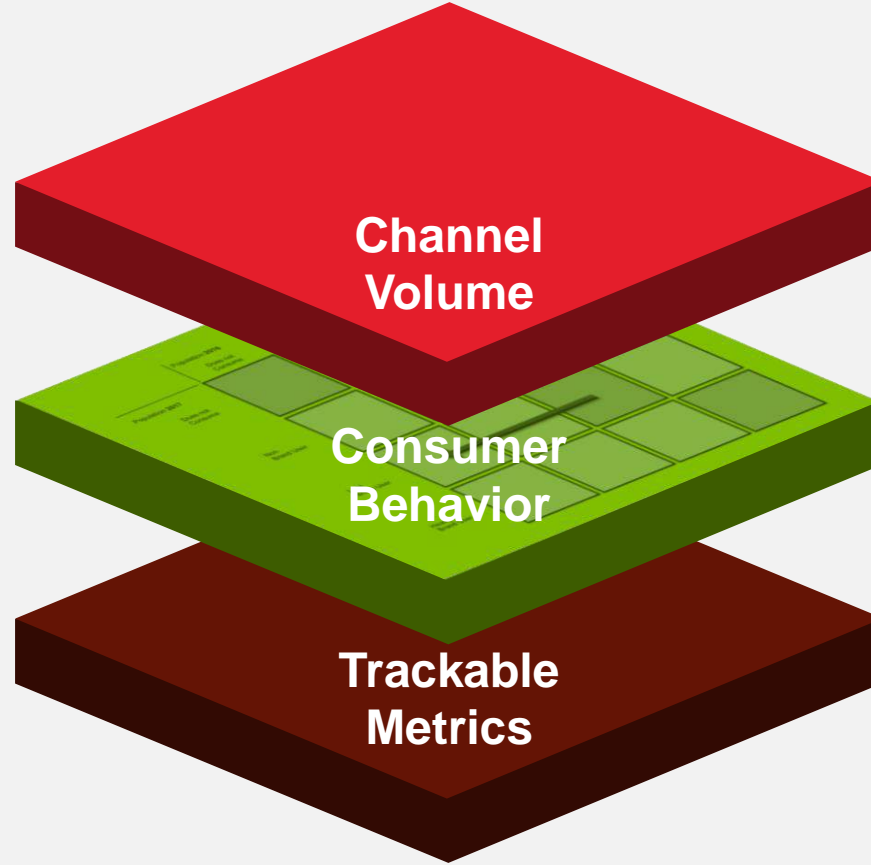
Switch Matrix as Third Dimension Between our Actions and our Brand

Trackable metrics:

— Consumer Attitudes
— Control Metrics
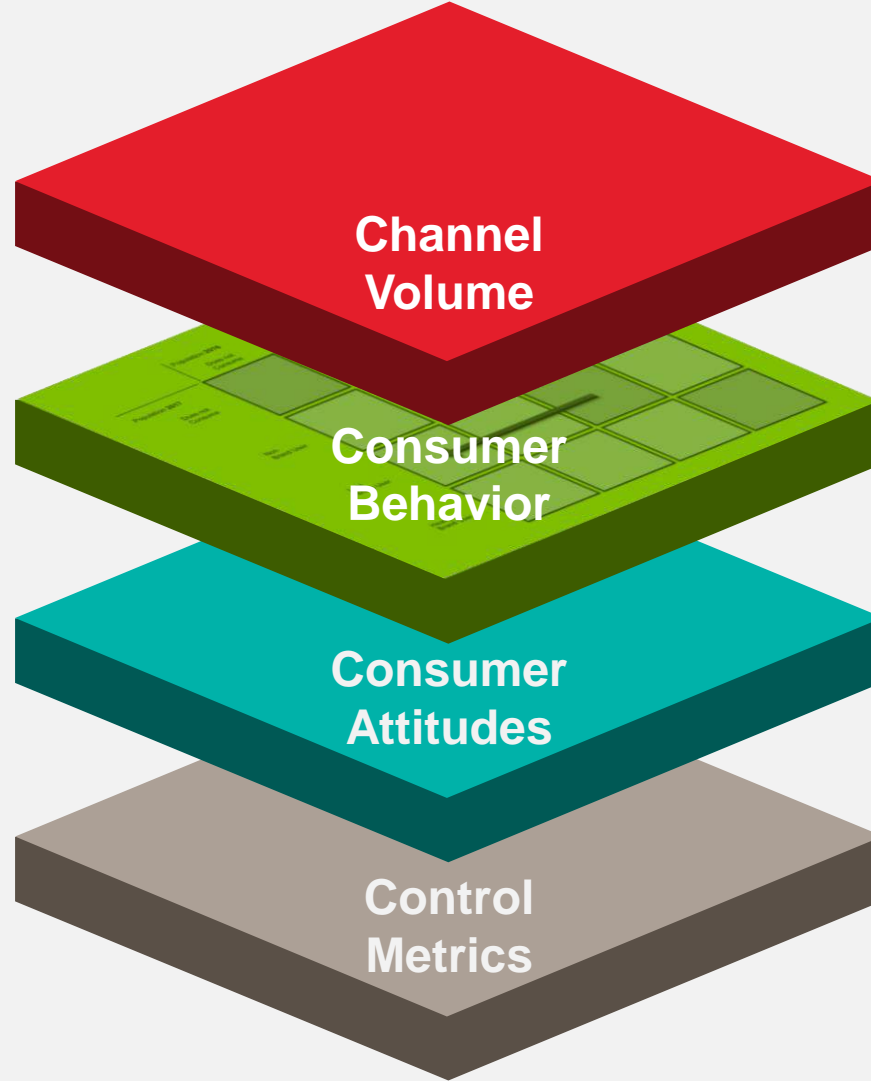
Channel Volume

Consumer Behavior

Consumer Attitudes

Control Metrics
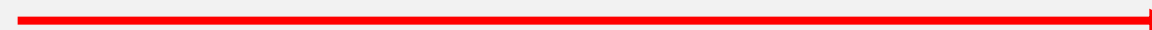
Coca-Cola Japan:

Many Data Sources

Brand Survey

Attitudes
Consumption
Frequency
Future Intent

Market Data

Volume
Pricing
Distribution

Company data

Marketing spend
Trade Promotion
GRPs
Vending Machines

Complex Market Structure, Facing Industry Threats

Categories

Online Channel

Real Estate

Taste

Ageing Population

Innovation

Bottlers
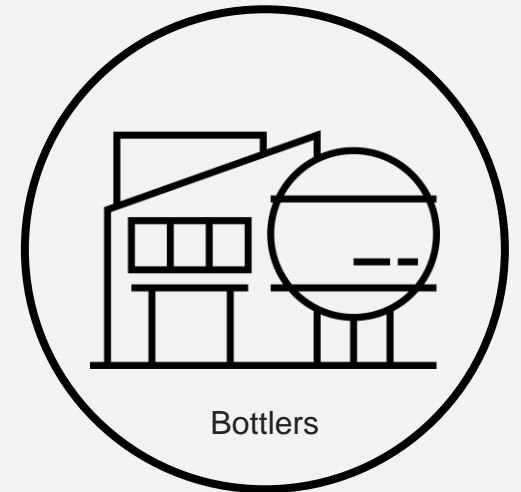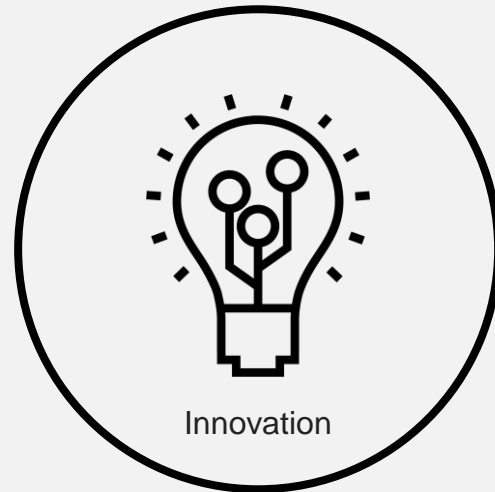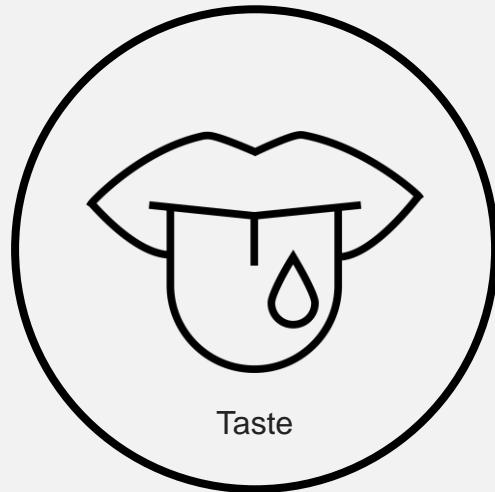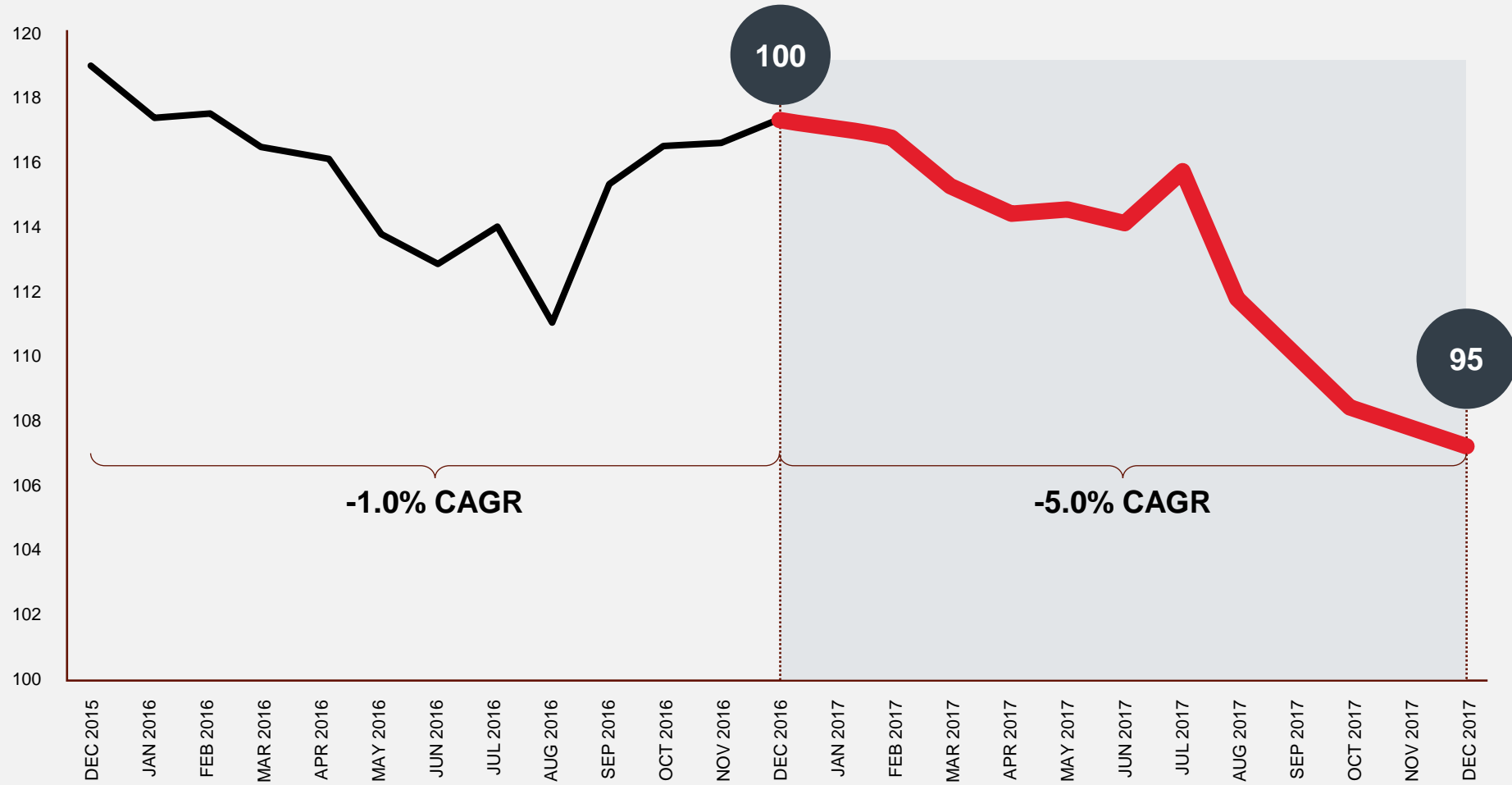
Clear Understanding of Which Channels are Driving the Decline

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100.0

95.0

| Dec 2016 12MMT | Supermarket | Vending | CVS | Discounter | Other | Drug | Dec 2017 12MMT |

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Switch Matrix Quantifies Consumers Behaviors Driving Decline

Population Change
2016—2017

	Population 2017			
Population 2016	Does not Consume	Non Brand User	Light Brand User	Heavy Brand User
Does not Consume	48,000			
Non Brand User		4,250		
Light Brand User			2,750	
Heavy Brand User				5,750

Mathematical Models Allow To Quantify Impact from Consumer Switch

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Loss in Incidence
-4.0

Loss in Frequency
-1.0

100.0

19

95.0

Dec 2016 12MMT · Population Growth · Gain Consumers From Other Categories · Gain Consumers From Other Brands · Loss in Consumers · Build Routine · Consume More Often · Lose Routine · Consume Less Often · Dec 2017 12MMT

Mathematical Models Allow To Quantify Impact from Consumer Switch

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Loss in Frequency
-1.0

100.0

80%

20%

-4.0

Consumers Leaving Category

Consumers Leaving Brand

95.0

Dec 2016 12MMT

Population Growth

Loss in Consumers

Build Routine

Consume More Often

Lose Routine

Consume Less Often

Dec 2017 12MMT

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This New Understanding Allows to Reveal a Deeper Story Behind Channel Trends

CRC

100.0

95.0

| Dec 2016 12MMT | Supermarket | Vending | CVS | Discounter | Other | Drug | Dec 2017 12MMT |

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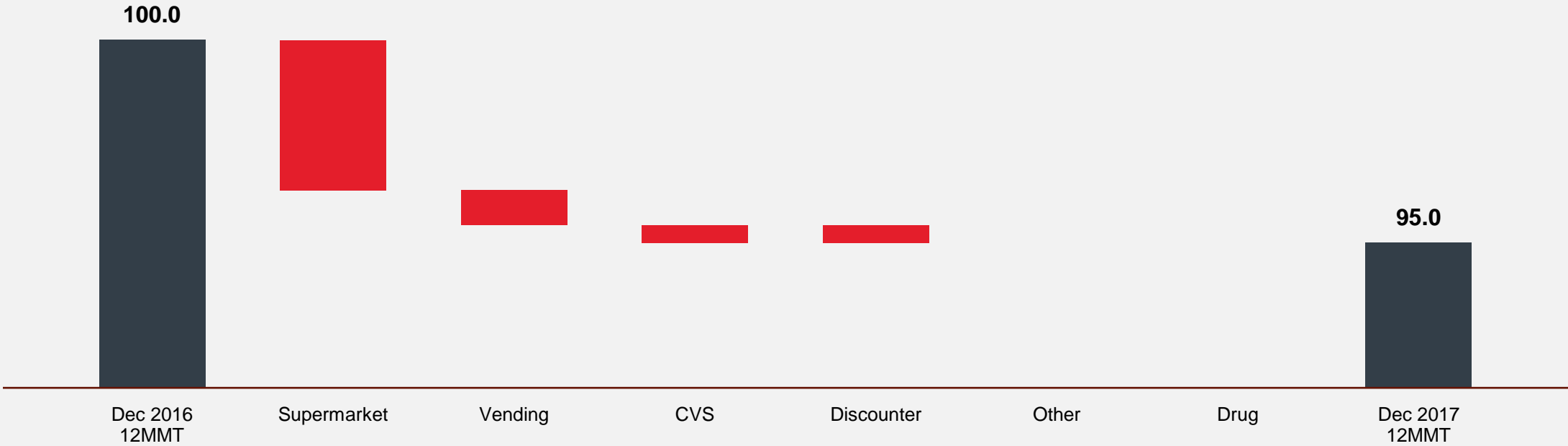
Volume loss in Supermarkets driven by consumers exiting the category; Some frequency gains in the Drug channel

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100.0

95.0

Dec 2016 12MMT

Dec 2017 12MMT

Gain/lose consumers to **other categories**

Gain/lose consumers to **other brands**

Increase/decrease **frequency** of consumption

| Supermarket | Vending | CVS | Discounter | Other | Drug |
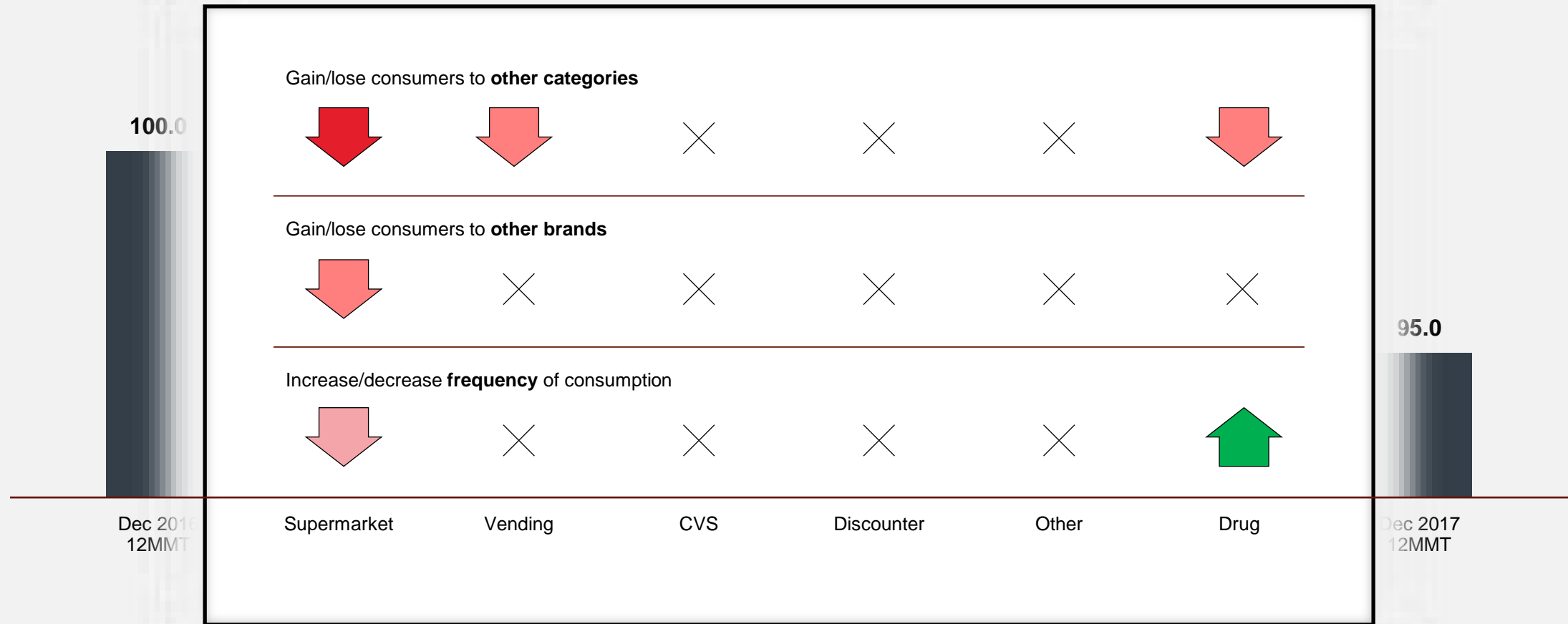
Allowing Us To Gain A Deeper Understanding Of What Consumer Behaviors Are Driving Channel Dynamics

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Channel Volume

Drug	Supermarket

Consumer Behavior

Increase Frequency of Consumption	Lose Consumers to Other Brands	Lose Consumers to Other Categories

Consumer Attitudes

Control Metrics

High
Positive Impact

Low

High
Negative Impact

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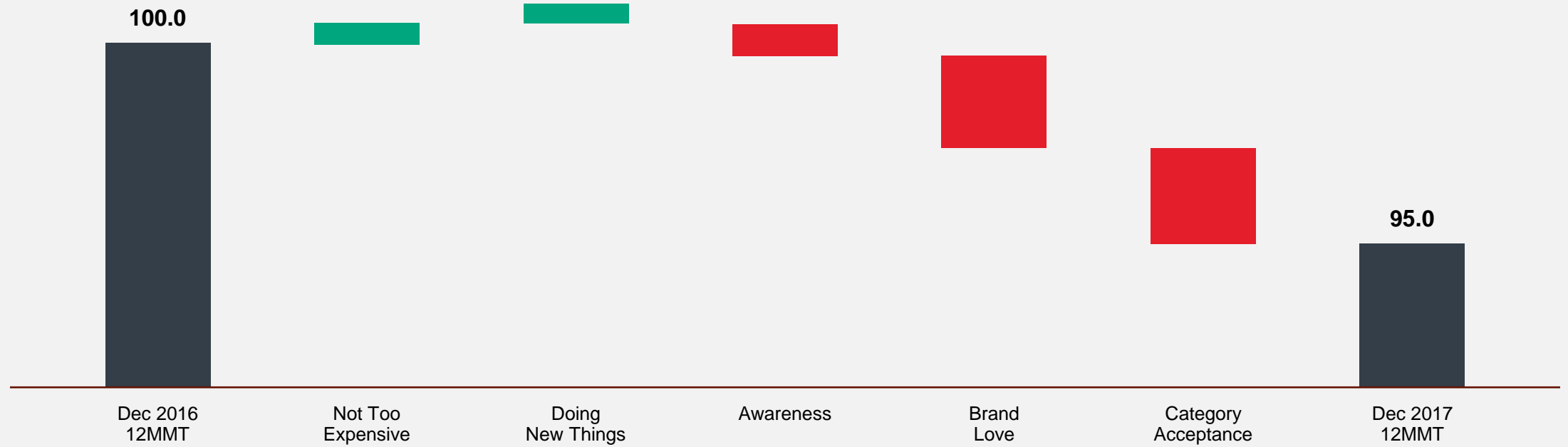
When We Overlay Consumers Behaviors We See How Equity Losses Are Driving The Migration Out Of The Category
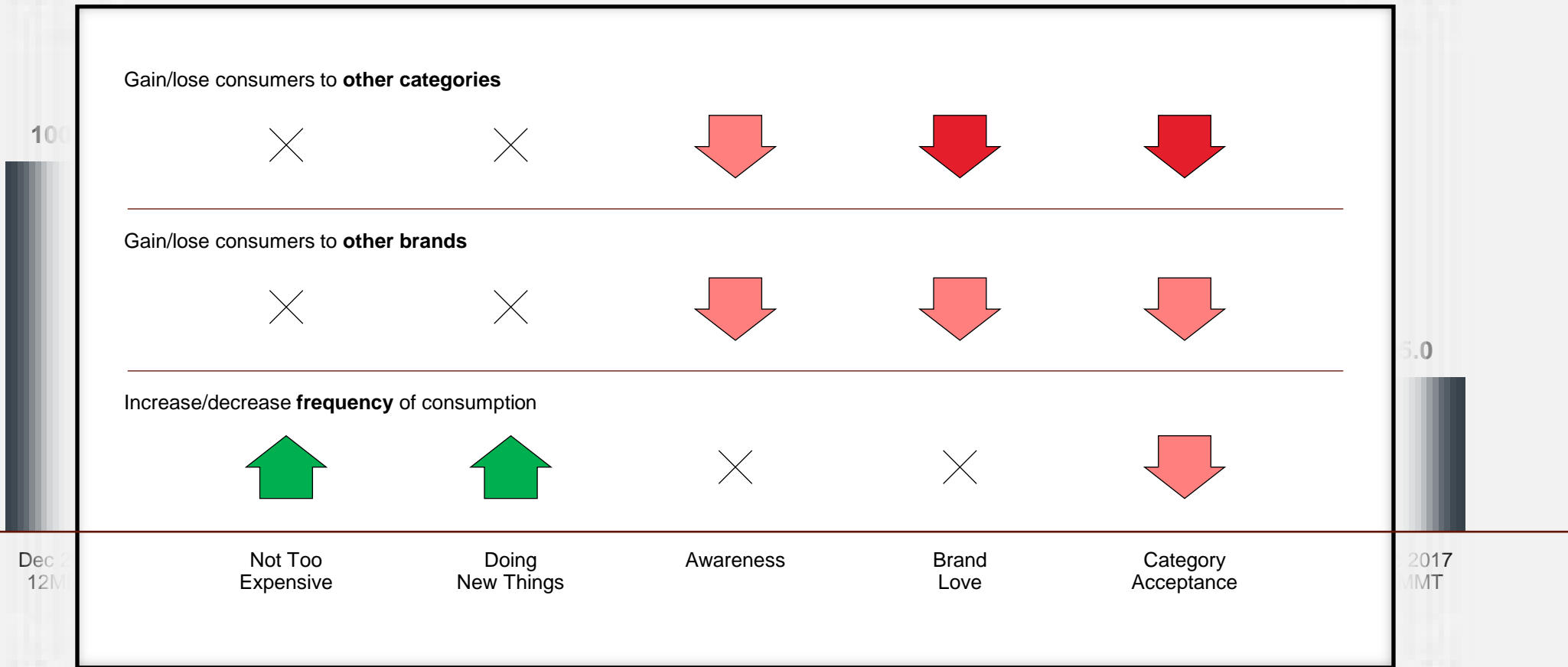
We Are Now Able To See The Link Between Attitudes, Behaviors And Volumes

Channel Volume	Drug	Supermarket	
Consumer Behavior	Increase Frequency of Consumption	Lose Consumers to Other Brands	Lose Consumers to Other Categories
Consumer Attitudes	Not Too Expensive / Doing New Things	Awareness / Brand Love	Brand Love / Category Acceptance
Control Metrics			

High ← **Low** → **High**

High Positive Impact — — **High Negative Impact**

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Final Step Is To Use Outputs from Marketing Mix Models

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100.0

95.0

| Dec 2016 12MMT | Traditional Media Impressions | TV GRP | Promotions | Digital Impressions | In Store Flyers | Price | Dec 2017 12MMT |

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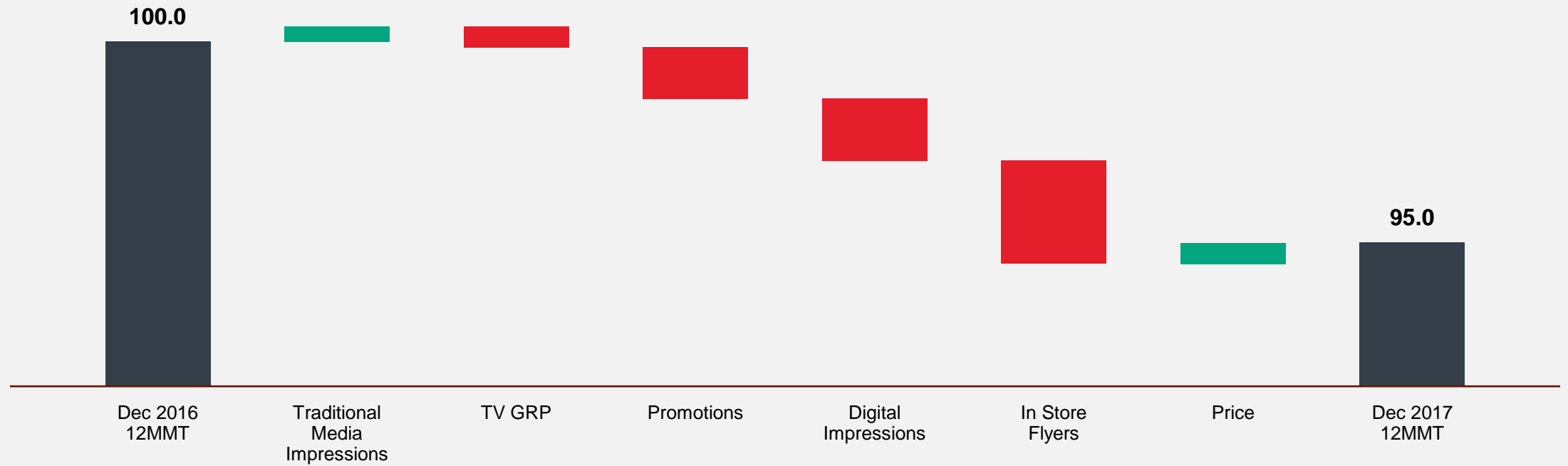
When we overlay this against consumers' behavior we gain insights on how our actions are impacting consumers

CRC

100.0

Dec 2016
12MMT

95.0

Dec 2017
12MMT

Gain/lose consumers to **other categories**

Gain/lose consumers to **other brands**

Increase/decrease **frequency** of consumption

| Traditional Media Impressions | TV GRP | Promotions | Digital Impressions | In Store Flyers | Price |
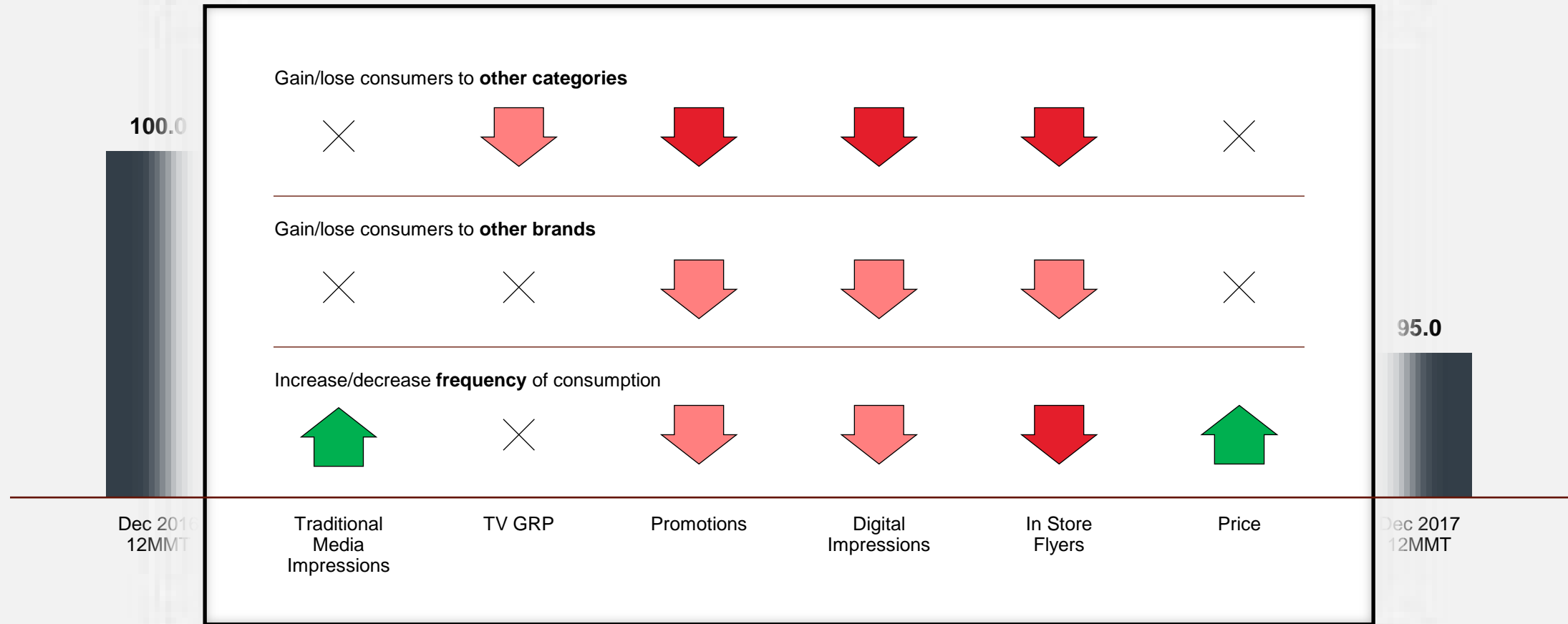
We Are Now Able To Gain The Full Story Behind The Brand

Channel Volume	**Drug**	**Supermarket**

Consumer Behavior	**Increase Frequency of Consumption**	**Lose Consumers to Other Brands**	**Lose Consumers to Other Categories**

Consumer Attitudes	**Not Too Expensive**	**Doing New Things**	**Awareness, Brand Love**	**Brand Love**	**Category Acceptance, Brand Love, Awareness**

Control Metrics	**Price in Drug Stores**	**Traditional Media Impressions**	**Promotional Spending**	**Digital Impressions**	**Promotional Spending**	**In Store Flyers**

High ← **Low** → **High**
Positive Impact   **Negative Impact**

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Summary of Insights

Insight #1

How are different channels reflecting consumer behavior?

Consumers leaving category in supermarkets

Building frequency in drug stores

Insight #2

What marketing actions are causing this change in behavior?

Reductions in supermarket activations – in store flyers and promotion spending, at same time as reduced media presence

Price reductions in drug stores building frequency

Insight #3

How do we see this reflected in consumer attitudes?

Losing brand equity– leadership, love, awareness

Overshadows small gains in price perception

What next?

Reduction in Supermarkets activations driven by ROI and not reversable; need to re-define the category and reposition the brand to re-engage with consumers in a more relevant way

Re-evaluation of pricing strategy in Drug Stores, not delivering recruitment and unsustainable for long term growth

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Implications for Coca-Cola Japan

This approach has given us three major improvements on Actionability in Strategy Development.

Consumer-Centricity

Understand **how our actions impact consumers,** not just our revenues

Connection

Scientifically linking between **ATL** (Branding Activity) and **BTL** (In-store Execution), and between Insights and Marketing team with **Storytelling**

Agility

Insights on **"where to play" and "how to win" delivered simultaneously** through analytical model and inspiring insights

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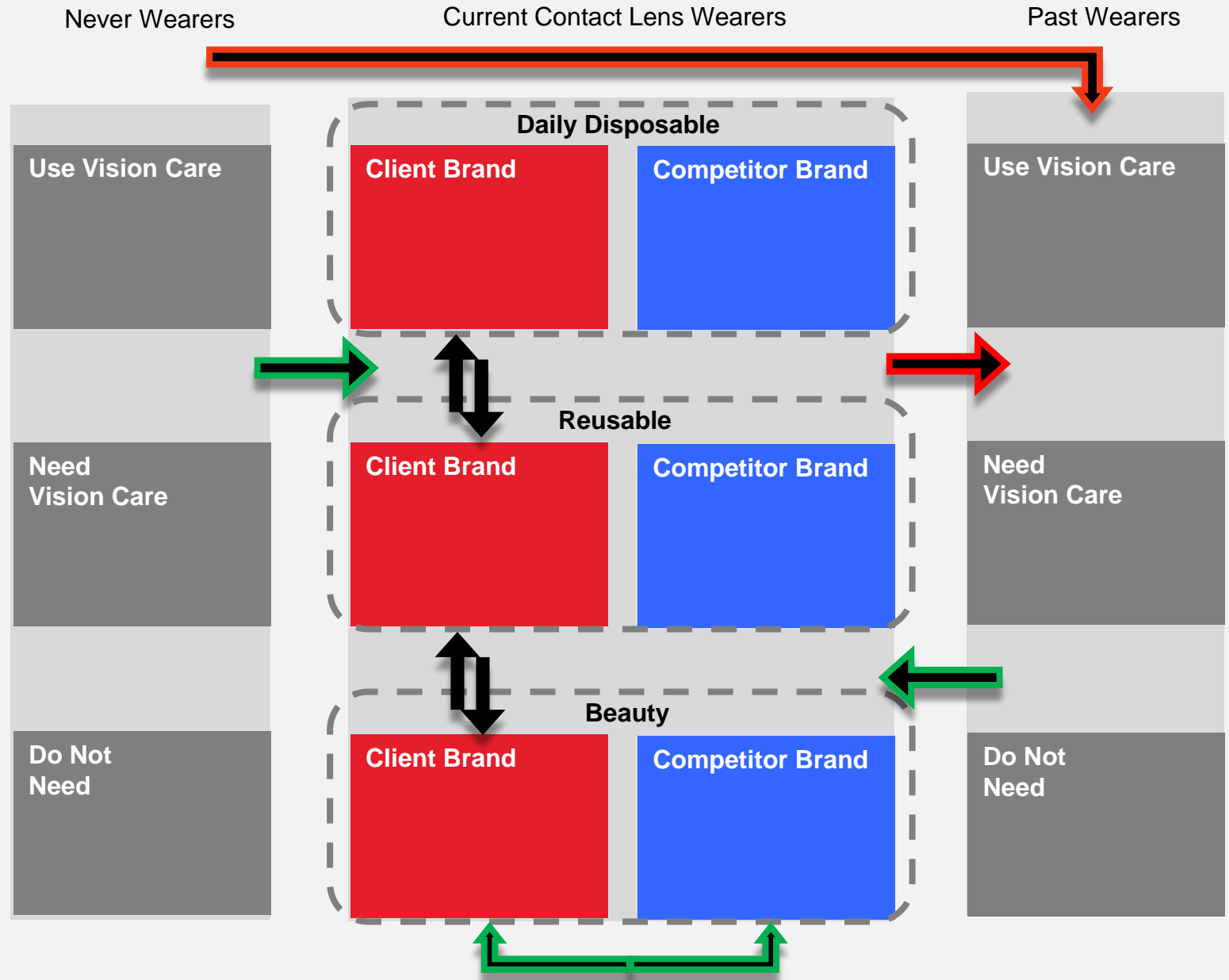
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How can you apply this?

1. Your growth pathways

2. Their historical activation and where do you want to focus

3. Align language, data, insights

Example:
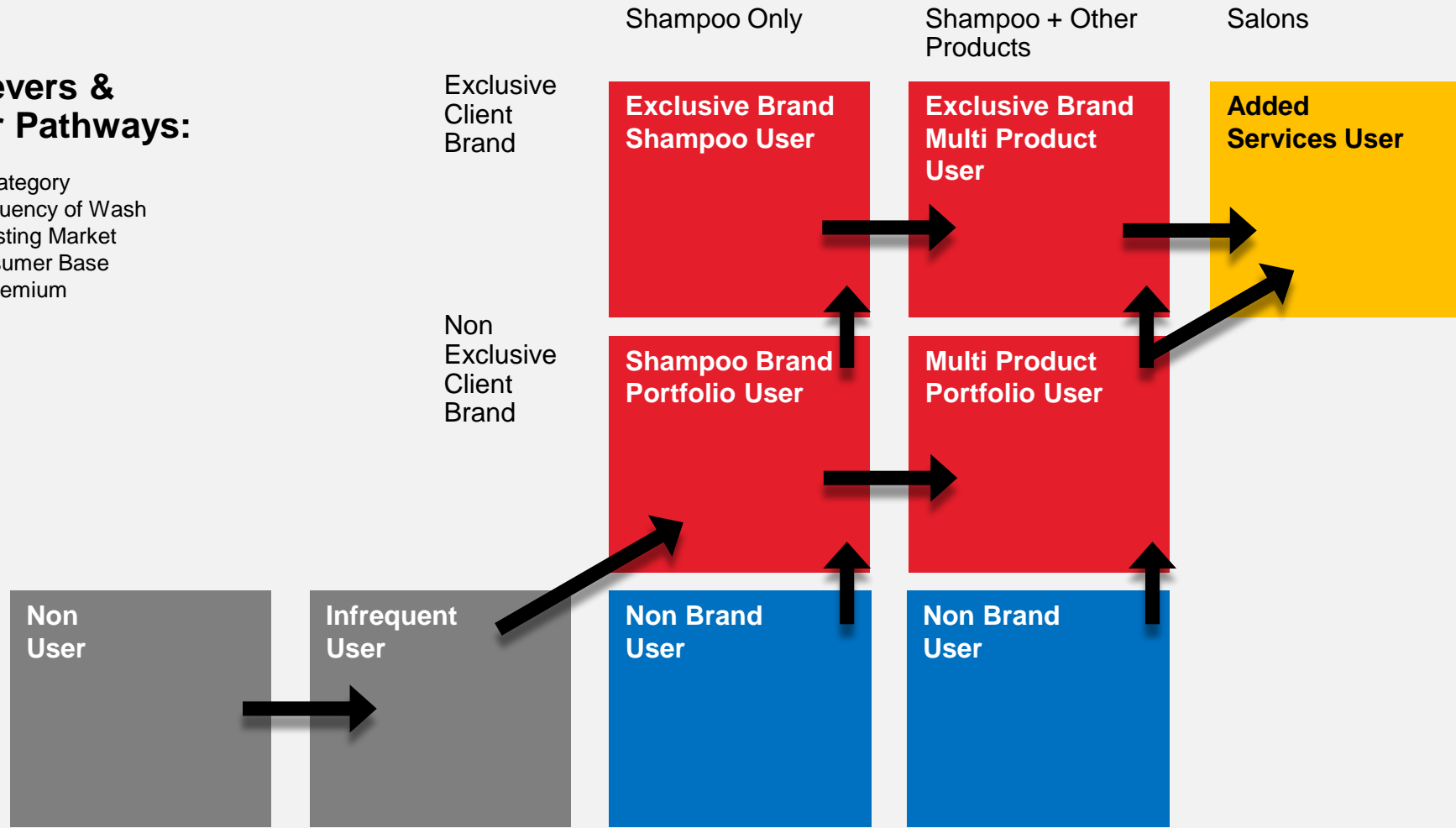# Contact Lens

Growth Levers & Consumer Pathways:

— Recruit users who have never used
— Recruit consumers from other brands
— Retain wearers into the category
— Restart lapsed consumers
— Reduce new start – drop-outs

How can you apply this to your business?

1. Define your growth pathways

2. **Quantify historical changes and align on where you want to focus**

		Shampoo Only	Shampoo + Other Products	Salons
Exclusive Client Brand		**Exclusive Brand Shampoo User**	**Exclusive Brand Multi Product User**	**Added Service User**
Non Exclusive Client Brand		**Shampoo Brand Portfolio User**	**Multi Product Portfolio User**	
	Non User	**Infrequent User**	**Non Brand User**	**Non Brand User**

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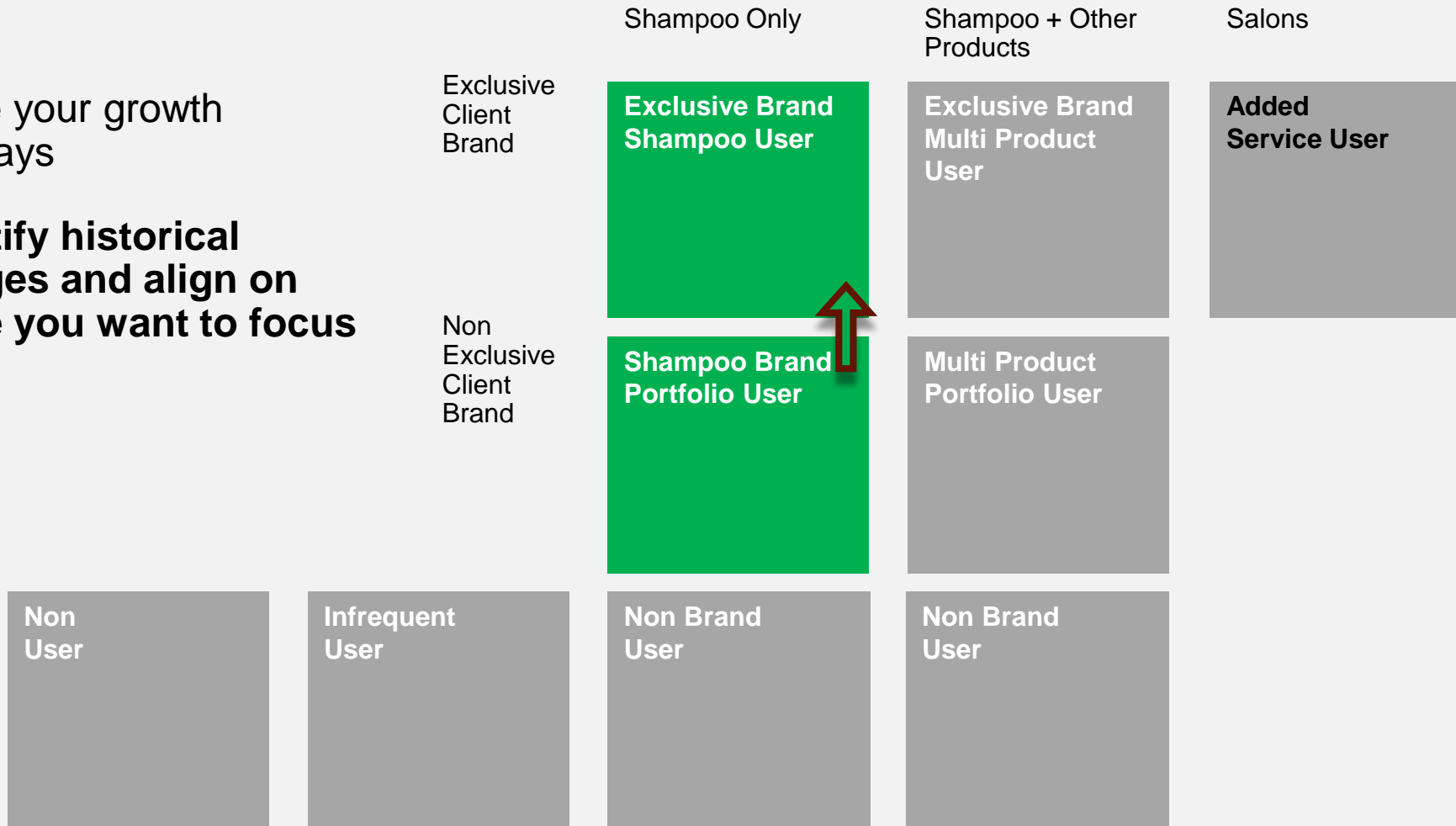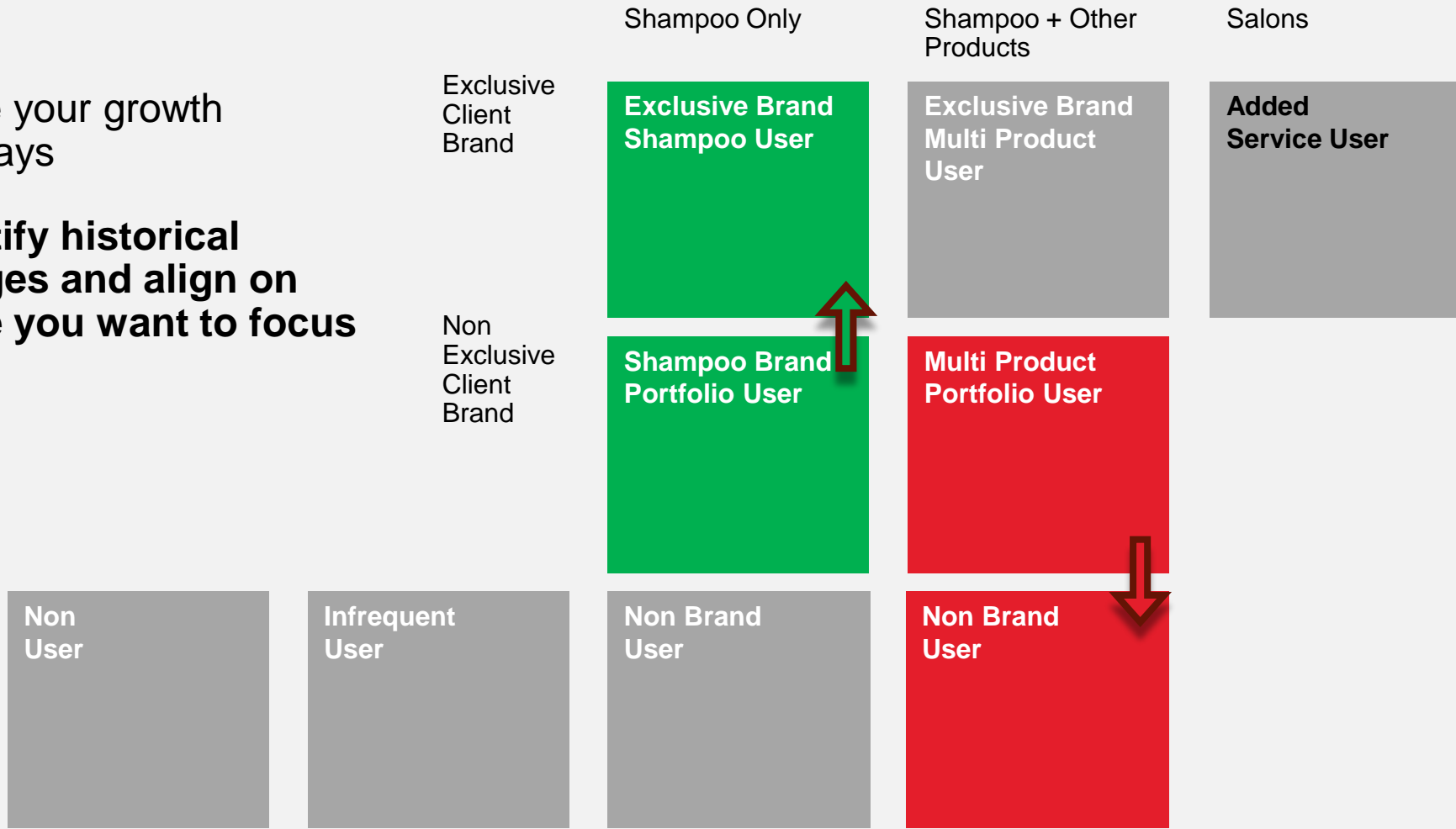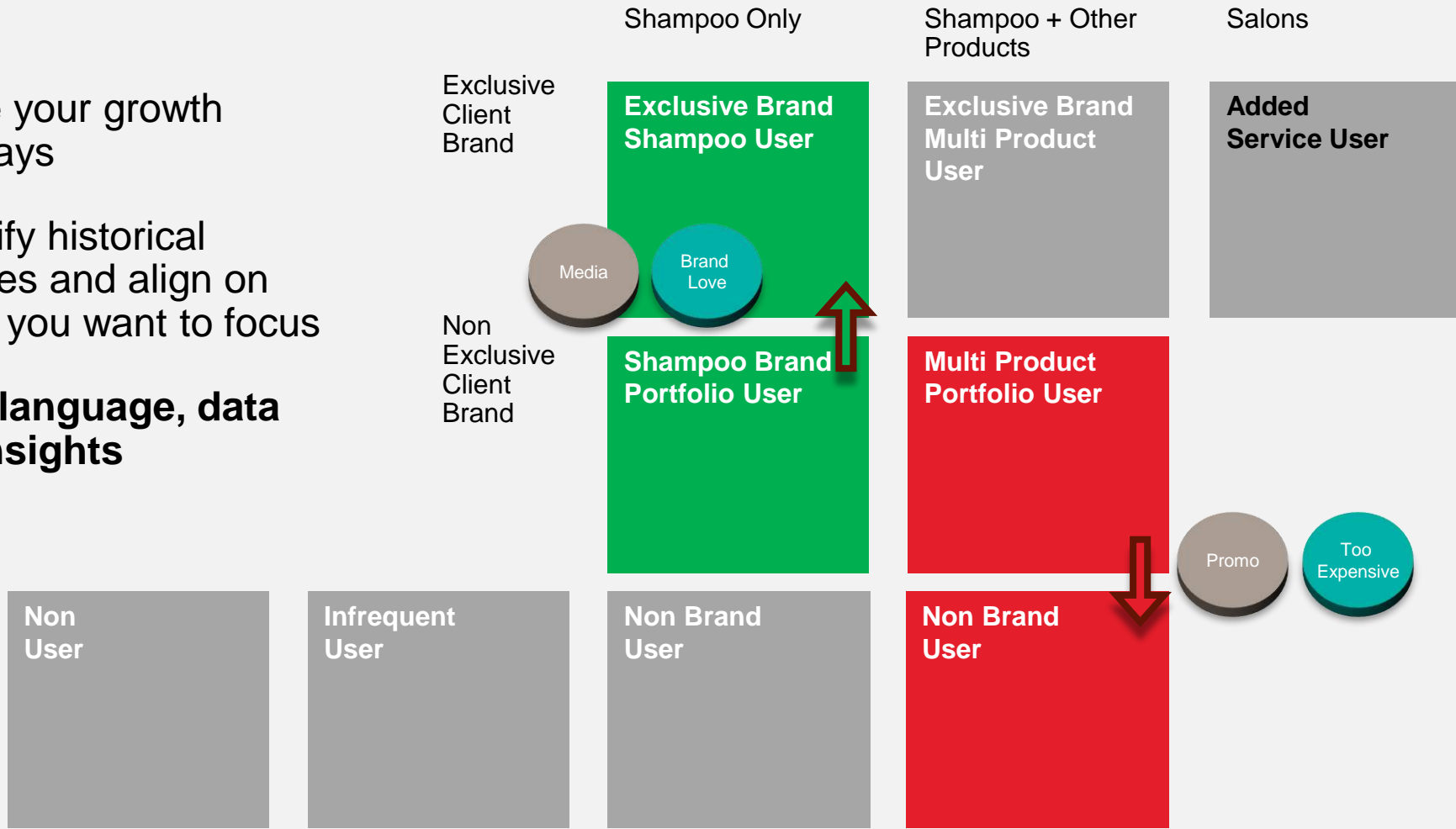|		Shampoo Only	Shampoo + Other Products	Salons
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	Non Brand User	**Non Brand User**	
	Infrequent User		
Non User			

Media

Brand Love

Promo

Too Expensive

ありがとうございます

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