How consumer products companies are revitalizing brands and bringing them to full potential, even in slow-growth markets and challenging categories.

Introducing The Bain Brand Accelerator℠

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How consumer products companies are revitalizing brands and bringing them to full potential, even in slow-growth markets and challenging categories.

The bottom line is simple. In developed markets, many consumer products categories are not growing. And the growth of private labels across many categories will continue to cause the total pool of branded products to decline. The only way to make your brand a winner is to *significantly* outperform your competitors.

The harsh reality: this is extremely hard to achieve. Our research has shown that less than 5 percent of brands are able to grow and outperform their competition over the long run. Despite this, almost every brand's marketing plan continues to call for growth, expansion and share gain.

However, there is some good news: not all brands are doomed to declining sales. Among the winners that manage to beat the odds, we've selected three examples of companies that turned around their trajectory, even in challenging categories.

A juice company that watched sales in its core market continually decline was able to define and implement a new strategy that led to a growth rate of 2 to 5 percent in each subsequent quarter. A company we call Delicious Co. that suffered from sluggish growth boosted volume sales by 5 percent in the first year, creating a promising new usage occasion at the same time. Finally, a biscuit brand reversed several years of declining sales, returning to growth with an 8 percent increase per year.

While these three companies each pursued a different strategy to successfully revive their brands, they have one thing in common: the approach they took to developing the best strategy. These winners used The Bain Brand Accelerator℠, created at Bain & Company to help consumer products executives better identify why brands are not growing faster and mobilize their teams to act.

The Bain Brand Accelerator process starts by finding the deep insights that can make a difference for reinvigorating brand growth—everything from clearer category definition to nuances in shopping behavior. The next step involves using those insights to help make a series of critical strategic decisions: determining where to play, defining the right brand positioning and product offer, and designing a winning activation model with the right mix of media, pricing, promotions and shelving options, among other considerations.

The final step focuses on execution—putting in place the organizational capabilities that will allow the company to deliver on its new strategy day in and day out.

Why is it so hard to get these steps right? From our experience with clients, we see a number of common issues. Roughly, they fall into two major categories. First, there's an undetected flaw in the brand's strategy. Most brand strategies have hundreds of embedded assumptions about consumer behavior, the competition and the category rules. It is easy for one of those assumptions to fall out of date—or there are times when the assumptions are simply too shallow. The second major reason that so few brands consistently outperform the competition: execution plans are often not perfectly aligned with the strategy (see Figure 1).

Let's examine the three cases where consumer products executives surmounted the common pitfalls to brand growth and created a revised plan using The Bain Brand Accelerator.

Two of the companies—Juice Co. and Delicious Co.—were power brands with tired strategies. But they faced different underlying challenges. For the first, the core business was in trouble with no obvious way out: despite green lights on brand health indicators, sales were decreasing, and the category itself was under significant pressure. For the second company the long-term erosion of core consumption moments caused it to look at new avenues for future growth, but its innovation efforts had limited success, with no clear reason why. The third brand, Biscuit Co., also a power brand, thought it was rapidly losing out to private labels and had put together an aggressive strategy to compete against them. But it turned out that the root cause of slow growth was elsewhere, so it had to redefine its strategy.

Juice Co.: Reinvigorating a power brand through deeper understanding of consumer behavior

Consumers are fickle. They might consume your brand on a day-to-day basis and even rank it as their favorite. But that does not necessarily mean they are loyal to your brand. Heavy usage and loyalty are commonly mixed up, and this became critical for a company we'll call Juice Co. as it sought to boost a stagnant brand. The company used The Bain Brand Accelerator to understand better why sales continued plunging despite signs of brand health and an aggressive marketing campaign. The insights it generated formed the basis of a successful strategy for reviving its core business.

The starting point: The company had the strongest brand in its juice category but had been losing momentum in its historical core market in Europe. Among the problems: consumers were buying less and turning to lower-priced segments in the juice market—this despite the fact that in surveys, Juice Co. was still rated as the favorite brand. Juice Co. responded with a marketing effort aimed at what it thought was a core segment of loyal users, and focused on developing and spreading advertising campaigns to recruit and

Figure 1: Top reasons why brand strategies fall short of expectations

The strategy derails because its *underlying assumptions* don't hold true anymore or are too shallow	There is a *disconnect* between the strategy and how it gets translated into an execution plan
• Failing to **update** the **assumptions** behind a brand's strategy when consumers, shoppers and retail environments are rapidly **shifting** • Building a growth plan based on an understanding of the **average** consumer when there is no "average consumer" • Forgetting that what people say is often not what they do: using **attitudinal segmentation** to define a strategy when only behavioral segmentation is truly predictive • Misinterpreting **loyalty, repertoire** and **heavy-user patterns** • Overplaying consumer understanding, but underplaying **shopper insights** • Considering new product innovation as a lifeboat, and underplaying the roles of **renovation** and **activation** for core products	• Spreading advertising money over too many brands, but **investing** below threshold on most • Supporting **innovation** for a few months only, when new products can take years before becoming anchored in consumer repertoires • Producing and broadcasting **advertising** copy that is not aligned with consumer insights • Applying the same **activation** mix to different categories or brands • Overfocusing on **above-the-line communications** at the expense of point-of-sales efforts • Applying the same **in-store execution** to fundamentally different retail channels, formats or customers • Overemphasizing **promotions** as part of in-store activation to the detriment of navigability, secondary placements or other in-store activities

engage new "loyalists." But the moves failed to reverse the sales decline. Juice Co. needed to understand the root causes behind consumer disengagement. So it used The Bain Brand Accelerator approach to gain that insight.

The insight: Juice Co. turned to "repertoire analysis" to learn more about its consumers and why they were not using more of its brand. A repertoire analysis (repertoire being the set of brands purchased by a consumer or shopper within a given category) helps companies understand the critical nuances in consumer loyalty. (See sidebar, "Repertoire analysis: Learning the truth about your consumers.") The results of the analysis produced an unexpected insight. Most Juice Co. consumers were *heavy users,* consuming the brand daily, but they turned out not to be loyal to Juice Co. brand: 60 percent of sales volumes came from consumers who actually alternated brands.

Because Juice Co. was failing to distinguish between heavy usage and loyalty, it was missing the full category perspective: heavy users of Juice Co. were also heavy users of all brands in the category. By looking at it too narrowly, Juice Co. had misinterpreted consumers' usage of the category, and missed the critical fact that they were "repertoire users." That meant consumers needed to be re-recruited at each purchasing decision (see Figure 2).

Revised strategy and execution: Armed with this insight, the company pulled back on its strategy of advertising to its perceived loyal consumers, shifting the bulk of its resources to point-of-sales activities to win the battle in stores. Those moves included improving store visibility—ensuring the brand has the best facings and is well displayed—to restructuring promotional activity. Among the elements of Juice Co.'s new push: rebalancing promotional efforts to this specific brand, as well as emphasizing better and more consistent execution to improve promotion efficiency and return on investment. Along with the change in strategy and marketing execution, the company reinforced

Figure 2: Brand strategy and activation models work best when tailored to consumer behaviors

	Loyalist behavior	Repertoire behavior
What should the brand aim for?	• **Recruit new brand "loyalists"**	• **Continuously reconvince consumers to** purchase the brand by pushing best references
What are typical elements of winning activation?	• Build **brand "preference"** among segmented and well-defined consumer groups through **targeted marketing** • Leverage **consumer inertia** and activate brand in **waves** • Focus most resources on **above-the-line activities (advertising), sponsoring, events**	• Build **brand consideration** among broader consumer groups through **mass marketing** • **Activate brand on a continuous basis** (no consumer inertia) • Focus most resources on **below-the-line activities** to ensure presence in store "hot spots"
What to monitor?	• Brand **preference** ("favorite") • **Switching** points • **Recruiting and churn** rates	• Brand **consideration** • **Repurchase** rate or frequency • Share of activation assets

the sales team, introduced a well-devised incentive policy and created robust processes to ensure coordination between marketing and sales.

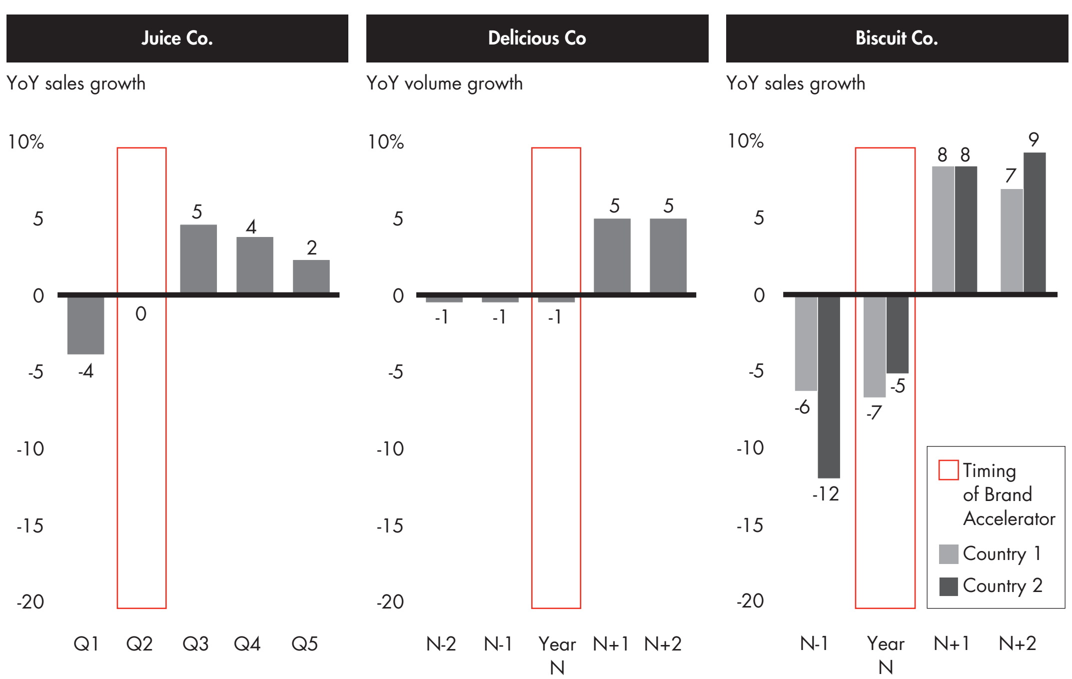
The result: By revisiting its historical assumptions on consumer and shopper behavior, taking a holistic view across marketing and sales, and aligning its teams behind a redefined strategy, Juice Co. successfully turned around a losing brand. After defining and implementing the new strategy, sales of its brand in its core market shot up 5 percent by the third quarter, compared with a 4 percent decline in the first quarter (see Figure 3).

Delicious Co.: Rejuvenating a power brand by innovating on a new battlefield

Delicious Co. was also a powerful brand and the undisputed leader in its category. It had a strong base of brand loyalists who demonstrated a deep affinity for the brand. However, sales were flat. And despite trying multiple avenues to generate growth over the past five years, none gained traction. The team felt it needed to take a systematic look at what it might be missing. So it turned to The Bain Brand Accelerator for a rapid review of its strategy and to help it chart a sustained course for growth in the future.

The starting point: Delicious Co. had a rich track record of growth. It had consistently grown volume sales for several decades and the brand had emerged to lead the category with a majority market share and the ability to command a generous price premium. However, growth had stalled for the past five years. Delicious Co. tried many avenues to reinvigorate growth, including new ad campaigns aimed at boosting sales in its core usage occasion and launching multiple waves of innovations designed to extend the brand's usage into promising new areas like ready-to-eat snacking. But none of it worked. Despite the setbacks, executives and brand teams believed that Delicious still had the potential to grow.

Figure 3: How three companies revived brand growth



The insight: The Bain Brand Accelerator process revealed a series of surprising insights that helped explain why the brand's growth had slowed and why past efforts had not gained traction.

First, the team found that the company needed to reassess its strategy for where to play. Fully two-thirds of Delicious Co.'s actual sales were coming from usage occasions that were flat or shrinking due to changes in consumer behaviors that were unlikely to reverse. The behaviors that had driven growth for decades were now in decline. In the past, the majority of advertising spend and innovation activity had been aimed at breathing new life into these core occasions. Now, a deep understanding of why the occasions were shrinking made it clear to Delicious Co. that this strategy was unlikely to be successful.

But there was good news. The decline in the core was being mostly offset by organic growth and momentum in emerging occasions where loyalists and younger users were using the brand in new ways, such as in recipe ingredients and ready-to-eat snacking. It was especially surprising to see growth of the brand as a recipe ingredient—which had not been formally developed at all. Delicious Co. realized it had an opportunity to capitalize on these emerging pockets of momentum.

The team also found that despite conventional wisdom, the recipe ingredient occasion was the right place to focus—not ready-to-eat snacking. When the Delicious Co. team rigorously evaluated snacking—for example, by studying the true competitive set, occasion by occasion—it became clear that the winnable portion of the ready-to-eat snacking option for Delicious Co. was much smaller than the company anticipated. Further, the economics were less attractive, and the operational investments to be made would be substantial.

In contrast, the recipe ingredient market was very large, the behavior was growing and it presented attractive margins. More important, Delicious Co. had distinct assets in this occasion, as its product had unique advantages over the competition. But the existing product portfolio was wrong for recipe ingredients—there were significant barriers in taste, consistency, education and packaging. A deep dive into consumer behavior in these areas, using such techniques as statistical cluster analysis and ethnographies, identified the key dishes to focus on and precise issues to address with innovation and advertising.

Revised strategy and execution: These insights helped the company expand into the recipe ingredient market, focusing on the "Delicious Seven" dishes it could win. Advertising and media efforts were deployed to educate the consumer, featuring Delicious Co. in various recipes, proposing easy recipes and organizing recipe contests. The brand's innovation pipeline was also completely redirected and reinvigorated to overcome barriers in packaging, taste and consistency.

The result: New advertising was launched, which leveraged the insights and refined positioning, and it showed immediate effect. Volume sales for Delicious Co. jumped 5 percent in the first year. The resulting recipe ingredient product innovations have been a huge success, creating a new segment for Delicious Co. and a new growth driver. In fact, the innovations tested in the top 10 percent of all new products in the brand's history. Sales per distribution point were moving well in the early stages of the launch. Perhaps most telling, the innovations were able to acquire new shelf space in stores for the first time in many years despite a fiercely competitive environment. The combined result of the effort for Delicious Co. is a new wave of growth to ride for the future.

Biscuit Co.: Putting a power brand back on the growth launchpad by fighting the right enemy

The invasion of private label brands has prompted many companies to adjust their strategies. Private labels are a growing threat in numerous categories, making inroads in the numbers of consumers trying their products and stealing increasing share from branded products. Companies try to stop this invasion by making private labels their core battle. That is what Biscuit Co. did when one of its best-performing brands started losing sales.

The starting point: Biscuit Co.'s top-selling product saw continued sales erosion after several years of solid gains and healthy margins. At the same time, private label brands were making inroads into the category, increasing both in penetration (more and more consumers were turning to private labels) and in usage (these same consumers were consuming more and more of the product each time). The road ahead

Repertoire analysis: Learning the truth about your consumers

Repertoire analysis is a powerful way to understand **critical nuances** in **consumer loyalty**. Insights from the analysis help you select the most effective **activation strategy** for your brand.

A repertoire is the set of brands within a category purchased by consumers to meet a specific need or for a particular occasion. Bain research shows that consumer behavior ranges between two extreme types: loyalist and repertoire. Consumers demonstrate **loyalist behavior** when they repeatedly buy one brand for a specific need or occasion. In contrast, consumers exhibit **repertoire behavior** when they tend to choose different brands for the same occasion or need. Most people display both loyalist and repertoire behaviors, depending on what category they are buying. Also, the same category may elicit different buying behaviors from one country to another.

Understanding the critical nuances in consumer behaviors usually requires a deep dive into complex consumer data. However, a simple tool can help quickly build a strong hypothesis on where your brand stands. An analysis of penetration and repeat purchases across brands in a given category (see Figure 4) can give a good hint of what type of category you play in. For instance, loyalist behavior can typically be revealed through high repurchase rates for all brands, which are independent from penetration. Even a "niche" brand can flourish with a small group of loyal buyers. At the other extreme, repertoire behaviors are usually characterized by repurchase rates that correlate with penetration. A brand that has a bigger user base is also being repurchased more frequently. In these categories, a small brand is not really a "niche," it is just a small brand.

It's critical for a brand to understand category behavior because winning in a loyalist category requires a different activation model than does winning in a repertoire category.

For brands with loyalist consumers, the goal is to recruit new fans and build their brand preference. In such categories, highly targeted marketing (typically through media or recruiting events) is crucial.

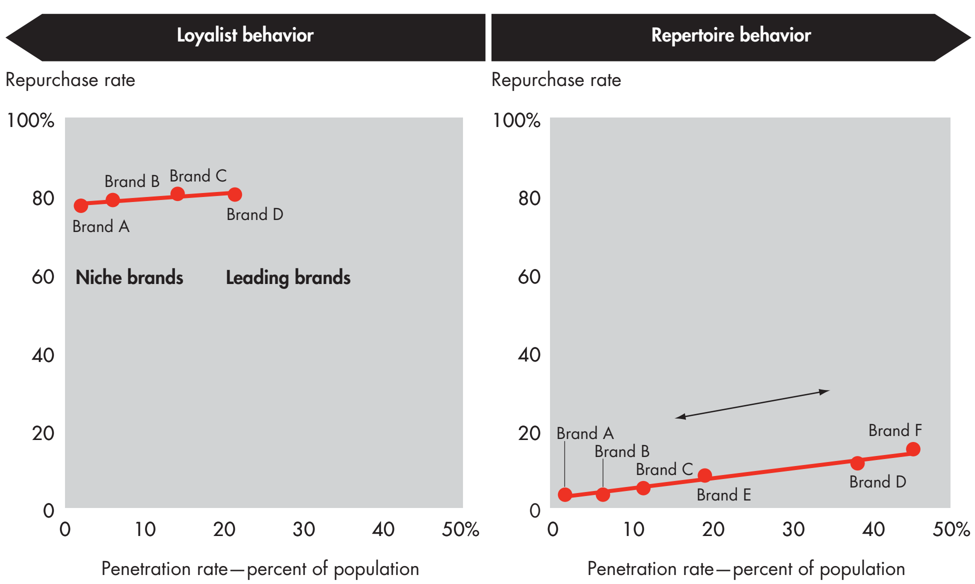
seemed obvious: the company decided that revitalizing growth for its star product required a full-blown battle against private labels. So it targeted all of its marketing on countering their rise, mainly through price cuts and promotions. But despite its efforts, sales continued to decline.

The insight: Biscuit Co. had been using a standard "switching analysis" that initially showed that it was losing sales to private labels at the category level. But when Biscuit Co. took a much closer look at consumer switching behaviors at the household level, the analysis revealed that private labels weren't the problem. For the most part, private labels had grown mainly from incremental usage of existing private label buyers, and to a lesser extent from new consumers discovering this segment in the biscuit category. The lesson was that private labels were not stealing Biscuit Co.'s consumers. For Biscuit Co., the biggest losses of consumers happened to be caused by its own products as well as competing branded products. The company had cannibalized sales of its core

In contrast, brands with repertoire consumers need to reconvince them to buy their product each time they are shopping. In such situations, having perfect in-store activation is an absolute priority.

From our work with clients, we've learned that loyalist behavior is rarer than you might expect. Many consumer products makers are convinced—and act upon the belief—that shoppers are loyal to their brands when, in fact, they are repertoire consumers. This insight reinforces the need for companies to probe consumer and shopper behaviors deeply, with an emphasis on research that reveals true behaviors—and not rely on attitudinal research. The scarcity of loyalist behavior also underscores the importance of shopper marketing and perfect sales execution. These are two capabilities that do not yet get the attention they deserve in many executive committees or sales and marketing departments.

Figure 4: A simple tool to diagnose consumer behavior



biscuit product by introducing smaller secondary launches—and consumers were diverted by these smaller bites, family packs and new flavors.

Consumer research also revealed that Biscuit Co. failed to anchor its brand clearly into a specific usage occasion and orient consumers and shoppers to think about—and pick—their brand on this occasion. Years earlier, through specific advertisements, Biscuit Co. had successfully anchored itself as a "post-lunch bite for kids." Yet marketing efforts were no longer focused on sustaining this connection, and the link in consumers' minds had progressively faded. To make matters worse, branded competitors had deployed consistent and well-executed marketing efforts to attract consumers to their brands and create connections with the occasion that had been Biscuit Co.'s historical stronghold. As a result, competitors stole significant share from Biscuit Co.

Revised strategy and execution: The insight that it was losing the brand battle to branded competitors gave Biscuit Co. a clear direction for a new growth model. It shifted its focus from fighting private labels to winning back consumers through more active—and well-executed—brand marketing. The company refreshed its old appeal of "the healthy post-lunch bite for kids." Biscuit Co. also focused on regaining trust with shoppers—essentially mothers who had progressively felt alienated from previous advertising campaigns, and who were not recognizing their kids as the target consumers. To regain a place on their shopping lists, Biscuit Co. needed to remind them of the nutritional benefits of its product. The company introduced a new media campaign with clear visual clues in advertisements that focused on the healthy post-lunch bite, new packaging with detailed information about nutrition and ingredients, and recommendations on when to consume the biscuit. In addition, it also upgraded the product formulation to distinguish its value proposition from private labels. With careful and consistent execution, the plan helped re-anchor the brand in its historical positioning and reconvince shoppers of the merits of the company's biscuits.

The result: By rebalancing its resources and efforts, Biscuit Co. was back on track. Following several years of rapid decline—on average, 7 percent sales decrease every year in its core markets—Biscuit Co. returned to growth with about an 8 percent increase per annum in the first two years after implementing its new strategy.

As these three examples illustrate, even in the most difficult situations, companies can accelerate their brands by devoting energy to challenging the underlying assumptions that drive their strategy. By diving deeply into consumer and category data and using proven tools, they can update insights and build a new, more relevant strategy for growth. But success can be achieved only if the entire organization is fully aligned behind the new strategy. Given the numerous challenges facing the consumer products industry, this is an approach to growth—or sometimes survival—that few companies can afford to ignore.

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