INSIDE
ADVANTAGE

THE MEASUREMENT ISSUE

Letter from the CEO
Measuring Up to the Challenge

The evolving omnichannel is intensifying the competitive pressure on consumer goods companies and retailers, inspiring new sales and marketing tactics, many of which compromise traditional strategies. Growth is harder to unlock in this increasingly complex environment and industry stakeholders must continuously evaluate the impact of all they do to ensure they're maximizing their investments.

At Advantage, we're passionate about measuring impact. Our success has hinged on our ability to evaluate businesses and make the right choices about where to play, leading us to increase our capabilities in data and insights, e-commerce, targeted marketing and retailer-centric merchandising.

Metrics inform and measure our every action, improving our delivery model and operational efficiency. Measurement is a cornerstone of our culture of transparency, too, making us accountable for the value we deliver and spurring the conversations, collaboration and innovation needed to meet every client's unique needs.

Advantage teams are continuously developing new ways to measure and maximize the effectiveness of every service and solution we offer. Our goal: supporting the fact-based decision-making that propels our clients forward.

In this issue of Inside Advantage, you'll learn about how we're leveraging data, metrics and insights to build our business partners' sales and ROI. Read how:

- The Commerce Score is empowering consumer goods companies to prioritize countless e-commerce opportunities.
- Companies are boosting sales through next-level analysis of store, shopper, geodemographic and psychographic data.
- Intelligence-based technology increases consumer goods manufacturers' return on retail investment by calculating — in real time — the impact of on-the-fly changes to merchandisers' priorities, tasks and time spent in each store.
- A new methodology measures the immediate and long-term value of shopper marketing events.
- An analytical model created by the Advantage Customer Experience team calculates the positive, lasting effects of in-store sampling.

You'll also find an interview with Jennifer Gruber, vice president, analytics, Ai2, who offers her insights on evaluating trade promotions.

Accurate assessments and on-target analytics aren't just extremely valuable — they're absolutely necessary, for our business and yours.

Winning Together,

Tanya Domier

Tanya Domier
Chief Executive Officer, Advantage Solutions

Picking Digital Priorities
The Commerce Score Informs Omnichannel Strategies

One of the most pressing business challenges facing consumer packaged goods manufacturers is not the identification of business opportunities in the digital space, but the prioritization of the many opportunities across the commerce ecosystem.

"When it comes to selecting priorities, many suppliers are often quick in their choosing, leaving out critical drivers like the interaction between online and offline, supply chain complexity, product readiness, shopper preferences and platform functionality," says Sherif Fahmy, senior vice president, business arts, at IN Connected Marketing. "Or, they may be paralyzed by the endless array of measures that can be included in the process, leading to an over-engineered, statistical nightmare that's perceived as impressive, yet is highly ineffective."

Understanding the urgent need to streamline decision-making and become more effective at targeting opportunities, a cross-functional team from Advantage Solutions' digital and marketing businesses came together to create a proprietary and quanti-

Quick Take
> A pressing challenge for consumer goods companies is choosing among many e-commerce opportunities.
> Commerce Score prioritizes a manufacturer's digital business across brands, retailers and platforms.
> Suppliers often overlook a product's e-commerce readiness.

fiable prioritization solution, the Advantage Solutions Commerce Score.

Commerce Score offers a holistic, top-down and bottom-up approach to prioritizing a supplier's digital business across brands, retailers and platforms using a 100-point scale. The score is built on five components, separated into two categories: Growth Potential and Growth Levers. Growth Levers comprise 55% of the Commerce Score, placing more weight and focus on areas where manufacturers may make the greatest impact.

Two Growth Levers — Product Readiness and Activation Assessment — require a qualitative assessment to fully vet the opportunity. Most tools in the marketplace

> ## "For suppliers to win online, businesses must be managed SKU by SKU."

miss vetting these two areas in the name of pure automation, leaving long-term gaps in strategy that lead to missed sales and negatively impact profitability.

Product readiness

For suppliers to win online, businesses that have been traditionally managed at the brand level must adjust their strategy to manage SKU by SKU, according to Erin Heikkinen, director of e-commerce sales strategy and planning at Sage Tree.

"The importance of assessing an item's readiness at the product level is often overlooked," Heikkinen says. "Evaluating product readiness can be challenging, as the scale and complexity of the methodology amplifies when reviewing at the item level; this can expand opportunity analysis from one category to hundreds or even thousands of SKUs."

The Product Readiness score is designed to determine if each SKU is meeting the full requirements of "product readiness" based on a set standard for each platform: As it exists today, does the SKU meet all the

demands and expectations needed to thrive on the store shelf and the multiple online paths to the consumer's pantry? More importantly, if it doesn't meet those standards, does the manufacturer have the potential or opportunity to implement adjustments to the SKU and recognize maximum sales potential?

Using their deep knowledge of supply chain logistics, the Advantage Solutions Digital Technology team scorecards "product readiness" based on KPIs such as packaging materials, packaging prep, cold chain requirements, ships in own container, item profitability to retailer demands and maximum case count requirements.

Let's use a leading liquid detergent as an example. The traditional pour spout bottle has existed for years and is a staple in many households, successfully achieving category leadership in brick-and-mortar stores. However, when it comes to dot-com, the category is challenged by product weight, package leakage, lack of eco-friendly packaging and more. One CPG leader recognized the dot-com challenges of their traditional assortment, realized it did not fully meet product-readiness guardrails and developed a new package to maximize growth opportunity across channels.

The new product:
- Features 60% less plastic than standard 150-ounce SKUs
- Requires no re-boxing or bubble wrap to ship

The Commerce Score

	Component	Description	Source	Component Weight
Growth Potential	Customer 5-Year Compounded Annual Dollar Growth Rate	Total forecasted retail growth potential inclusive of sales across all applicable platforms	**Quantitative** Kantar, industry reports	20%
	Brand Dollar Potential	Estimated using growth potential based on category and channel trends, layered with current U.S. brand share	**Quantitative** Syndicated data, retailer POS	25%
Growth Levers	Shopper Alignment	Assessment of how well the shopper of the retailer platforms align to the brand's shopper	**Quantitative and Qualitative** Shopper panel data	15%
	Product Readiness	Assessment of how well product/sub-category aligns to retail channel demands for success	**Qualitative** Products individually assessed against scorecard of requirements	20%
	Activation Assessment	Assessment of how well retailer online platforms support best-in-class execution and supplier access to control their site	**Qualitative** Assessment of retailer platforms based on availability of executional tools (enhanced content, paid search, etc.)	20%

- Has an ultra-compacted formula, with 30% less water, that reduces total product weight
- Is more space efficient as a result of the design

Assessed using the Commerce Score, the e-commerce-driven packaging was proven to directly influence online product readiness, demonstrating how a redesign can smooth the path to channel sales maximization, Heikkinen says.

"While we're all accustomed to traditional liquid detergent packaging," she notes, "forward-thinking, channel-specific innovation that reengineers the status quo is needed to succeed in the evolving retail landscape."

Activation assessment

To drive digital growth, a qualitative activation assessment of the retailer and the supplier at that retailer is critical. "This assessment model looks at the highest level of what drives executional excellence at retailers: supply chain logistics, paid search, ability to impact content and more," Heikkinen says. "But it also considers the unique aspects of the individual platform that can be leveraged."

Take Walmart as an example. Most CPG companies are likely spending more dollars to drive brands on Walmart.com than on Grocery.Walmart.com. Why? There are more activation levers — such as enhanced
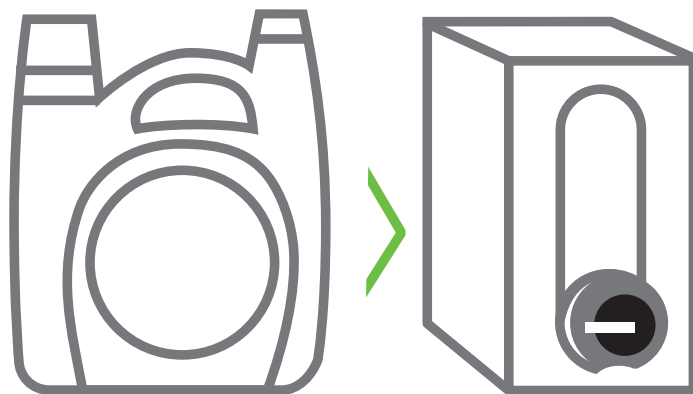
content capabilities and paid advertising through the platform — to pull. However, the data reveals that for most brands, Grocery.Walmart.com offers more than 10 times the sales of Walmart.com, making this investment skewed disproportionately. By having this knowledge of sales potential versus how to activate, a supplier may decide to make investments in lifestyle imagery on Grocery.Walmart.com that communicate a strong brand message to drive consumer conversion. (See chart.)

"The Commerce Score methodology rapidly creates a tangible tool for managing resources, investment and time," Fahmy says, "while allowing businesses to respond to the market and leverage newly emerged data."

Activation Assessment

Content Tactic	Walmart.com	Grocery.Walmart.com
Optimize titles	Yes	Yes
Control product description and bullet points	Yes	Yes
Enhanced content presence	Yes	No
Video content placement	Yes	No
Support all image types (product, lifestyle, etc.)	Yes	Yes
Drive and respond to reviews	Yes	No
Respond to questions	Yes	No
Create category guidance and/or brand pages	Yes	No
Impact search rank (sponsor)	Yes	No
Buy display	Yes	Yes

Store-Level Strength

Location-Specific, Item-Level Data Drives Brand ROI

In today's competitive operating environment, consumer goods companies know that winning shoppers' dollars requires a level of personalization and strategic planning that enables them to tailor assortment, trade promotions, shopper marketing efforts and retail coverage to the most micro level possible.

While store-level data has long been used to glean insights into a brand's historical sales performance and promotional effectiveness, the ability to integrate store-level performance with critical shopper intelligence and geodemographic data is now providing powerful insights to companies seeking to optimize their store-specific performance. The result: measurable store-by-store improvements in brand sales and return on investment against trade and in-store activities.

"We've always known that all stores are not equal, yet the ability to identify and execute against the opportunities that exist for items at the store- and item-level has long been a capability unique to advanced DSD suppliers," says Lori Stillman, executive vice president for Advantage's Analytics, Insights & Intelligence (Ai2) division. "Our methodology allows us to identify the best stores to activate, whether that's media planning or retail execution. It's at the intersection of household and store where we can derive much smarter thinking and close the gaps on personalization desired by shoppers."

This next-level data analysis could reveal, for example, that even though a store generates very strong sales for a specific item, the full potential of that item —

Quick Take

> Consumer goods companies are combining store-level, geodemographic and psychographic data to increase sales and ROI.
> Store-specific data is informing new-item placement, assortment strategies and promotional activities.
> New insights are powering a fluid, location-specific retail execution model.

based on the demographics of that store's shoppers — has yet to be achieved. The resulting recommendations may lead to an enhanced replenishment and merchandising strategy on an item that might otherwise be left unchanged, Stillman notes. When this approach is taken in aggregate across a planogram, overall sales grow.

New products and promotions

Analyzing store-level data combined with geodemographic and psychographic data can also inform decisions around new-product introductions and facilitate discussions between the brand and the retailer, according to Jennifer Gruber, vice president, analytics, Ai2.

"This allows us to change the conversation with retailers of all size," she notes. "Small retailers, working independently or through wholesalers and distributors, typically are void of shopper data. Leveraging our data set, we're able to provide them insight into their shoppers in ways they haven't had access to in the past, creating better collaboration and better decisions.

"With larger retailers, we are able to assist manufacturers to ensure their expectations on performance and investments in products make sense. For example, if a manufacturer wants, and pays for, distribution in stores representing 85% of the ACV [all commodity volume] for product X, but the product only aligns with shoppers in 50% of the ACV, they can create sales targets that address that discrepancy, at a minimum. But they could also look at only selling the product at targeted stores, creating a better spend and more curated, store-level solution for retailers."

Optimized assortment

Similarly, overall product assortment can be optimized by region, by market or by store using location-specific and demographic data analysis.

"The data helps us be much more prescriptive in the assortment and trade recommendations we make to retailers, allowing each and every store to be ideally tailored to those shoppers who frequent a specific location," Stillman says. "The precision of the approach creates a win for the retailer, the brand and, most importantly, the shopper."

Store-level data analysis also helps manufacturers maximize promotions by highlighting stores whose customers are most likely to be receptive to specific campaigns. "Rather than activating these programs on a retailer or even nationwide basis, we're empowering brands to bring a laser focus to their planning and use their total dollars more strategically," Gruber says. An ice cream brand, for example, might leverage this data to choose which flavors to demo on a store-by-store basis to best drive shopper engagement, stimulate trial and increase sales.

The same holds true for the activation of in-store promotional displays. The data analysis might reveal only half of the stores in a market have a customer base that will be receptive to a specific promotional shipper, for example. Rather than send a single shipper to every store in the market, brands could double up in stores with a shopper base more closely aligned with the product.

> **It's about looking at the universe as thousands of stores, not dozens of retailers.**

Retail execution

Location-level data also informs retail coverage strategies by optimizing store-level service based on each site's opportunities, something the Advantage Retail Operations division has been doing with the help of the Ai2 team, according to Andrew Keenan, vice president of retail operations at Advantage.

"It's an entirely new approach, completely driven by data and the insights the data provides," Keenan says. "We are able to look at opportunities and build solutions through a store lens versus a retailer lens and provide the best possible store segmentation for execution, including frequency of visits and time spent in each store. It's about looking at the universe as thousands of stores, not dozens of retailers."

More refined execution leads to greater efficiencies and increased returns. "This more focused coverage reduces distribution voids at the shelf, corrects more systemic out-of-stocks and ultimately boosts sales at store level," Keenan says. "This is especially critical during promotional weeks."

What's more, store-level data and insights drive more fluid execution strategies that evolve over time. As in-store teams execute against the identified opportunities in each location, resources are shifted to other, emerging opportunities, he adds.

While leveraging store-level data requires greater resources and creativity, it's paying off for clients, Keenan says. "For example, when our dedicated retail teams are powered by the right analytics, we're able to deliver a 4:1 return on retail investment."

Meet RORI
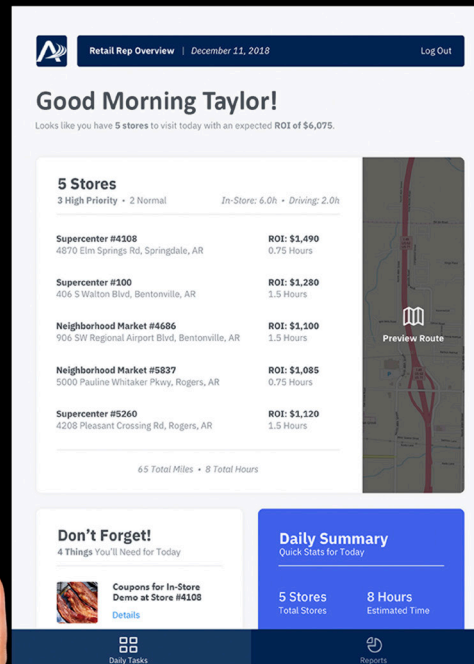## New Technology Boosts Return on Retail Investment

Quick Take

> Atlas Technology Group is piloting an intelligent system for retail coverage.
> The system analyzes retail budgets, coverage patterns, labor data and in-store activities.
> Merchandisers adjust their priorities and tasks in real time to optimize ROI.

RORI provides retail reps an activity plan that maximizes ROI. The plan changes in real time depending on the rep's in-store feedback and other related variables.

Not long ago, consumer goods companies' retail coverage strategies were based on two variables: budgets and store counts. All stores were considered equal.

Then, advancements in technology, such as product potential indices and geodemographic modeling, enabled retail coverage budgets to be allocated based on other variables and the measurable impact of having a merchandiser in the store. Shortly thereafter, strategies were strengthened by on-shelf availability systems that incorporated exception-based performance thresholds defined by anomalies in unit movement and dollar sales.

Now, retail expertise is being bolstered by the power of new technologies — such as machine learning's speedy, complex calculations applied to big data — to bring new efficiencies to retail services. Atlas Technology Group, a retail analytics and data management firm owned by Advantage Solutions, is testing an intelligence-based retail coverage system, dubbed RORI (Return On Retail Investment), that combines machine-learning measurements with immediate on-site feedback to optimize retail-related investments. The system, now being piloted by select manufacturers, calculates the return on retail investment for each store and each in-store activity in real time.

"RORI integrates retail coverage patterns and budget, store activity and labor data to provide logic-based assessments, enabling on-the-fly changes to the priorities, tasks and time spent in each store based on their economic impact — ensuring every minute is maximized," Atlas CEO John Matise notes.

A case in point

Retail sales specialist Taylor begins each day by reviewing RORI's initial plan on a tablet. Today, RORI has planned five store visits for Taylor and projects the return on investment (ROI) opportunity for the day to be $6,075. The system also provides the optimal routing sequence to minimize windshield time. However, Taylor knows RORI may update the plan based on variable inputs provided during each call or by external factors such as weather and traffic patterns.

RORI's plan has Taylor beginning with store No. 4108 and spending 45 minutes accomplishing 10 in-store activities with an ROI opportunity of $1,490. After Taylor arrives at the store and checks in, he completes a brief store assessment on his tablet that either validates the initial retail plan or causes RORI to reprioritize his tasks. At this store, Taylor's top priority is verifying a holiday display, part of a multimillion-dollar media spend, is on the sales floor. It's not, so Taylor enters "No."

RORI immediately reoptimizes the in-store tasks to get the holiday display on the sales floor. Using conditional logic and proprietary algorithms, RORI reduces the number of tasks for store No. 4108 from 10 to seven, increases the projected in-store time from 45 minutes to one hour and changes the daily ROI for that store from $1,490 to $3,100.

Once the display is in place, Taylor continues to address this store's priorities. While checking backroom inventory, RORI alerts him that 55 of the 60 minutes allocated for this store have been used. RORI's dynamic optimization engine has determined that proceeding to the next store offers a higher ROI than taking the extra time to complete the last priority, which is capturing competitors' temporary price reductions.

Before heading to the next store, Taylor sees that RORI has rerouted him based on inputs from the navigation app, Waze. By communicating with Waze in real time, RORI helps Taylor avoid the gridlock reported on two major thoroughfares and reoptimizes his remaining retail activities.

By applying new measurements such as return on retail investment, manufacturers will continue to improve performance and increase their ability to directly influence store-level outcomes. That influence will only grow as predictive retail decision-support systems like RORI, fueled by machine learning, become more intelligent over time.

Note: The RORI proof of concept is under way. Manufacturers interested in participating may contact Dan Lyons at Dan.Lyons@AtlasDSR.com.
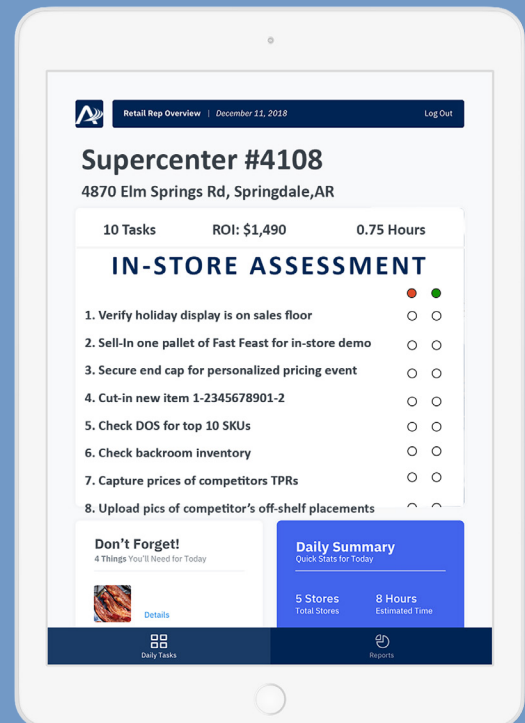
RORI updates the day's priorities and activities with each in-store assessment.
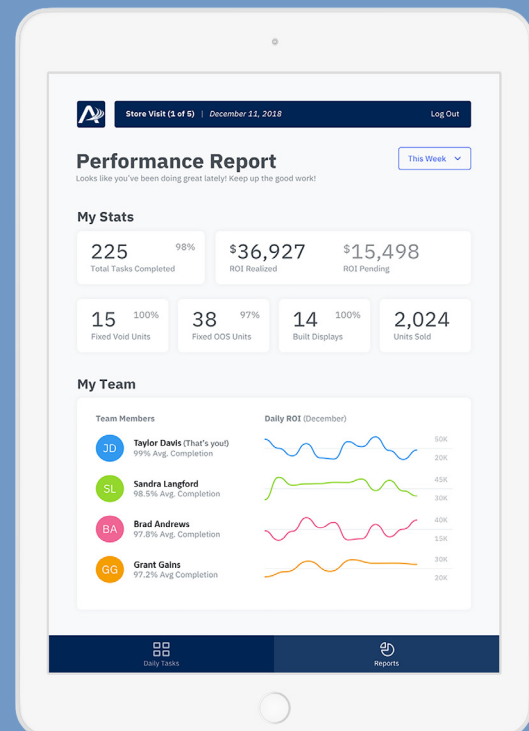
The new technology shares each merchandiser's progress and provides drill-down reporting.

Unleashing the Power of Trade Promotions

Jennifer Gruber
Vice President, Analytics, Ai2

Quick Take

> The value of trade promotions is under increased scrutiny.
> Too little attention has been paid to trade promotion's influence on the shopper.
> More robust data analysis is required to measure shopper penetration, frequency and spend.

With retailers and consumer goods manufacturers taking a closer look at returns on trade promotions, Inside Advantage recently turned to Jennifer Gruber, vice president, analytics, Ai2, who offered her insights on using shopper metrics to drive results.

Q Discussion about the limits of trade promotion is growing. What, in your opinion, is the underlying problem creating ineffective and inefficient spending and poor returns?

A Across IRI-tracked categories, about one-third of sales come from promoted activity, yet less than 15% of sales are incremental to the business. We spend a great deal of time and energy planning for and assessing the results of these activities and, in many instances, we're finding that we are subsidizing sales and not get-ting the incrementality or ROI we need or expect. Part of that stems from the focus on core, scan-level sales metrics with little attention paid to how the activity impacted — or was impacted by — the shopper. If you read articles on trade planning, trade promotion management or trade promotion effectiveness, you'd be hard pressed to find one that speaks to actually measuring the shopper effect.

With e-commerce presenting limitless virtual shelves, creating new go-to-market trade strategies and redefining what a competitive market really is, we need to be able to leverage a more robust set of data and ensure that investments in promotional activity drive the shopper metrics that matter — penetration, frequency and spend — and are building relationships for both the retailer and the manufacturer.

Q What is preventing more manufacturers from incorporating shopper metrics into their promotions planning?

A It's much more complex to operate this way. Oftentimes, trade planning starts with a calendar that comes out corporately through shopper marketing teams, laying out seasonal or licensed themed promotions supported by activities like advertising, couponing, special packs, shippers and more. Those events are brought to the retailer and programs are laid in to enhance the activity at store level using displays and temporary price reduction activity. While these events

are built for the shopper of the brand or brands, we are not looking at how that themed event or product portfolio fits with the shopper that shops at that retailer. The same could be said of everyday events on product portfolios as well.

Also, measurement itself is more complicated. While there is a wide range of tools out there for tracking trade promotion effectiveness — from simple Excel spreadsheets to sophisticated predictive simulations — the focus of those tools is on volume, pricing, cost and profitability, with no focus on the shopper. Today, panel, geodemographic and scan-level data all reside in different components of IRI and Nielsen and cannot be integrated into one, streamlined data pull, requiring a very manual approach to bringing all of the pieces together.

In addition, limitations in the sample sizes used for panel data make it extremely difficult to draw a perfect, one-to-one correlation between a weekly event and a shopper response. These one-to-one correlations can be achieved by leveraging retailer-specific shopper platforms, but today those platforms exist for the larger retailers and cost may prohibit some manufacturers from the opportunity to leverage that information.

Q How can we overcome some of these obstacles to improve trade promotion effectiveness?

A While we often like to focus on these perfect, one-to-one relationships, we know in many cases that is not possible. Instead, we can directionally understand how our strategies and tactics have impacted those key shopper levers — penetration, frequency and spend — by taking a higher-level look at our brands' performance.

> **We need to ensure that investments in promotional activity drive the shopper metrics that matter.**

Consider these strategies:
- When looking at your annual trade performance, look at how the tactics drove penetration, frequency or spend for the year.
- If an event worked really well (or conversely, did not work really well), leverage geodemographic data to understand why.
- When creating programs for retailers, leverage geodemographic data to understand the best stores to receive shippers or other promotion support.
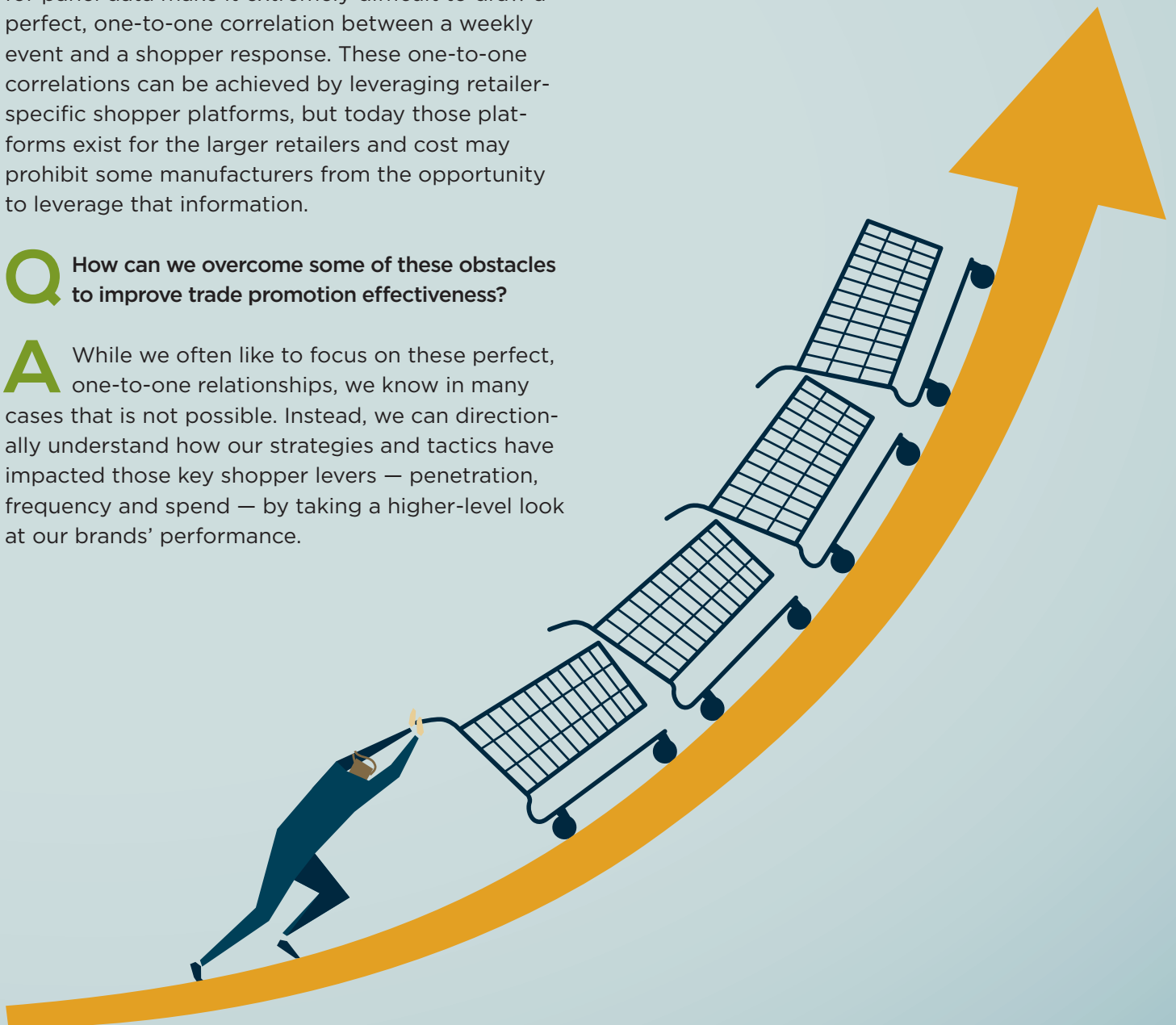
Silencing the Skeptics

Shopper Marketing Builds Brands, Drives Loyalty

As shopper marketing activities have become a larger part of many brands' marketing mix, they've come under increased scrutiny. But measuring their impact has been a challenge.

"Shopper marketers have been working to provide a clear, data-rich answer demonstrating the impact shopper marketing activation can deliver to their brands and business," says Liz Fogerty, chief strategy officer for EDGE Marketing, an Advantage Solutions agency. "They're seeking proof beyond traditional promotional metrics of dollar and unit lift and percent display. They're requesting more advanced measurements of success that furnish a true understanding of the contribution shopper activation efforts deliver as part of a brand's total marketing efforts."

The ability to quantify shopper marketing's positive, long-term effect on brand equity, incremental volume and shopper loyalty has been elusive, Fogerty says. Until now.

Quick Take

> In the past, the impact of shopper marketing has been difficult to measure.
> New research reveals shopper marketing's immediate and long-term impact on brand equity, incremental volume and shopper loyalty.
> Shopper marketing boosts long-term category sales.

Advantage Marketing Partners' consumer, shopper and media agencies, in partnership with Catalina, have researched activation programs in the grocery channel spanning six customers, 10 categories and 15 individual brands. The result: a methodology to measure the impact of shopper marketing and validate it as an effective, efficient periodic promotional tactic and long-term, brand-building strategy.

The research looked at total performance over multiple time horizons to provide a complete view of the relative impact of retail activation during both promoted weeks and over the long term.

Shopper marketing is a powerful promotional strategy.

The most commonly accepted measures to evaluate promotional impact — average weekly units, average dollar spend and average number of shoppers to the category — increased by double digits across all measured events during the promoted weeks.
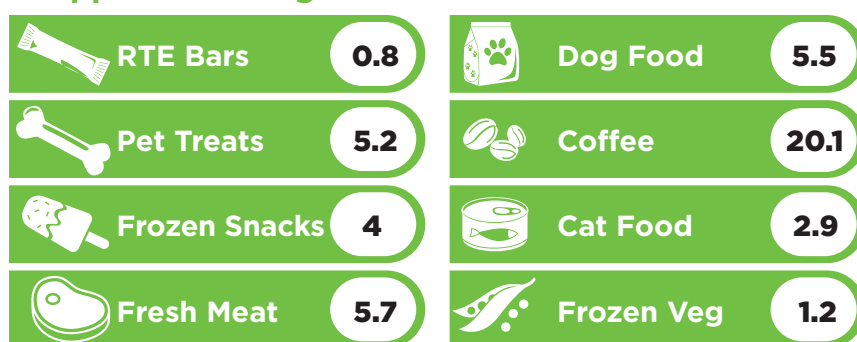
Average Weekly Increase

Units	22%
Dollars	23%
Shoppers	20%

Shopper marketing delivers immediate short-term ROI.

In more than 90% of programs, across categories, each brand realized positive return on every dollar spent during the promoted weeks. "Every category can benefit from shopper marketing — and all brands should be considering it," Fogerty says.

Shopper Marketing ROI*

RTE Bars	0.8	Dog Food	5.5
Pet Treats	5.2	Coffee	20.1
Frozen Snacks	4	Cat Food	2.9
Fresh Meat	5.7	Frozen Veg	1.2

* Return on every dollar spent.

Shopper marketing delivers value through new-buyer acquisition.

One of the most telling findings demonstrating the long-term impact of shopper marketing activation is its ability to deliver incremental new shoppers to both the brand and the category. Across events during the promoted weeks, the study found an average 21% increase in new buyers to the brand and 25% increase in new buyers to the category.

Across all events, the research found an average of 53% of new brand and category shoppers made repeat purchases within 60 days, indicating loyalty to the brand was sustained as result of the initial shopper marketing engagement.

Based on behavior post event and the speed of repeat purchases, the measured events delivered potential annual growth of more than $17.5 million to the brands and nearly $12 million to the participating categories.

"We validated what has always been contended, that shopper marketing delivers an immediate impact to a brand's sales during a discreet period," Fogerty says. "But what is really exciting is to confirm that it can also bring long-term, extended growth from new buyers, delivering the true value of shopper marketing activation."

Incremental Shoppers

	New to Brand	New to Category
RTE Bars	22,000	14,000
Pet Treats	88,000	65,000
Frozen Snacks	861,000	514,000
Dog Food	91,000	85,000
Coffee	124,500	96,500
Cat Food	30,000	20,000
Frozen Veg	22,000	13,000
Total	1,238,500	807,500

> ❝ Every category can benefit from shopper marketing — and all brands should be considering it. ❞

Potential Annual Sales Growth*

	Brand	Category
RTE Bars	$126,861	$80,730
Pet Treats	$1,142,495	$840,448
Frozen Snacks	$12,065,982	$7,220,240
Dog Food	$2,310,217	$2,157,895
Coffee	$1,522,125	$1,178,419
Cat Food	$362,011	$234,748
Frozen Veg	$148,262	$89,294
Total	$17,677,953	$11,801,774

* Potential sales calculations based on an average 53% of new brand and category shoppers who made a repeat purchase within 60 days.

Shopper marketing is particularly impactful on new-item launches.

New-item launch activity was particularly successful in driving brand results. More than 300,000 new-item buyers were analyzed across multiple account-specific launches. Every new-item launch program resulted in substantial increases in units, dollars and shopper counts during the weeks of the event and showed significant growth versus pre-event levels. These new-item programs drove not only new buyers to the brand, but new buyers to the category, too.

One specific new-item launch campaign in the beverage category was particularly successful, with growth rates across all measures significantly higher than average, driving significant growth in new category buyers.

New-Item Impact

		Event Weeks	Pre-Event Vs. Post-Event*
All New-Item Events	Units, Dollars, Buyers	200%	90%
	New Buyers to Brand	200%	60%
	New Buyers to Category	245%	70%
Beverage New-Item Launch	Units, Dollars, Buyers	500%	220%
	New Buyers to Brand	480%	160%
	New Buyers to Category	600%	210%

* Two buying periods.

"The results of this study by Advantage Marketing Partners and Catalina are hard to ignore," Fogerty says. "It's clear the effective implementation of shopper marketing activation for both categories and brands can no longer be questioned. The ability of a brand to gain short-term promotional lift across all expected metrics is bolstered by the long-term annual revenue lift these programs can deliver.

"Shopper marketing proves critical in helping manufacturers effectively meet their customers' needs to boost top-line growth and win shopper loyalty."

Proof Positive
Sampling Brings Long-Term Value

I t's widely accepted that in-store sampling is effective from a short-term perspective — driving incremental same-day sales, unit movement, basket size and category growth. Advantage Customer Experience, the experiential marketing collective within Advantage Marketing Partners, sees average product sales and unit lifts upward of three times on in-store sampling days compared to four weeks prior to the event.

It's easy to see why sampling converts on event day. First, sampling is disruptive in the most positive way. There's nothing like a live person to draw the attention of shoppers on "autopilot" and invite them to

Quick Take

> A new analytical model reveals the long-term impact of in-store sampling.
> In-store sampling drives brand loyalty.
> Sampling reinvigorates sales of established brands.

try an item. Second, it lowers the risk of having a bad new product experience. Third, it can inspire shoppers with a new recipe or solution, perhaps leveraging items already in their pantries at home. Polite reciprocity and the element of touch have been cited as factors influencing shoppers to purchase the products after sampling them.

Less understood and documented is the effectiveness of in-store sampling beyond same-day trial and sales. While it fundamentally seems that in-store sampling can — and should — drive long-term results, the industry has struggled to prove the tactic's long-term value.

To address this, Advantage Customer Experience developed and conducted a proof-of-concept test on an analytical model that measures the long-term impact of sampling. The model used six months of pre-event loyalty data to segment shoppers who purchased the item on event day into three buyer groups: existing brand buyers, new brand buyers and new category buyers.

Then, 12 months of post-event loyalty data were analyzed to assess behavior change and long-term

> **The brand repurchase rate among new buyers for the 12 months post sampling event was 78%.**

impact on shopping trips and product and category sales across these three groups. Most previous analyses on sampling effectiveness have not incorporated purchase history information and long-term behaviors after sampling. Access to various data views and a baseline helped ensure in-store sampling was causing the behavior change observed among the new buyer group, as well as quantify the impact.

The overall results of the test showed sampling was a strong trial driver and captured new buyers for brands — 88% of the shoppers purchasing on event day, over half of whom were new to the category. Just as important, the impact was a lasting one, as the brand repurchase rate among new buyers for the 12

The Value of In-Store Sampling

Segment Purchasing Item on Event Day	Event Day Impact		Long-Term Impact (Year 1)		
	% of Purchases	% of Sales	% Repurchase Rate	% of Purchases	% of Sales
Existing Buyers (Purchased brand 6 months prior to the event)	12%	13%	181%	45%	32%
New Buyers	88%	87%	78%	55%	68%
New to Brand (Purchased the category, but not brand, 18 months prior to event)	43%	38%	79%	33%	32%
New to Category (Purchased neither brand nor category 18 months prior to event)	45%	49%	60%	22%	36%
Total	100%	100%	NA	100%	100%

months post sampling event was 78%. These new buyers purchased more than twice the sales volume of the existing buyers segment.

Events and data from multiple categories, such as yogurt, crackers, cookies, and beer and wine, were included to understand a holistic view of in-store sampling's long-term impact, as well as the differences across categories.

This work is prompting Advantage Customer Experience to partner with retailers to reconsider how they evaluate in-store sampling efforts. With the initial test confirming that the tangible value and ROI of in-store events go beyond sampling day, Advantage Customer Experience plans to deepen and expand the scope of the analysis. Incorporating additional factors, such as halo effect (purchases of other products from the brand, such as line extensions), will demonstrate even greater benefits of in-store sampling.

"Today's marketing budgets require more productivity, efficiency and effectiveness," Sherif Fahmy, senior vice president, business arts at IN Connected Marketing, says. "Marketers want to do more with less, so it's critical for us as their partners to have new measurement models that foster experimentation and ensure they will be getting the best return."

"As with other marketing strategies, in-store sampling and experiences are most powerful when they are solving a problem," echoes Andrea Young, president, Advantage Customer Experience. "Further, with the evolution of our models to be so data- and insight-centric, we are partnering at new levels with our brands and retailers to shape programming that is driving both great experience and great business return. This work by our team validated just that."

Key Findings

The value proposition of in-store sampling goes well beyond event-day sales. It has a long-term consumer impact.

In-store sampling drives newly converted shoppers to repeat purchase, setting the stage for brand loyalty. New buyers exhibited a 78% repurchase rate within the following 12 months and accounted for 68% of the long-term product dollars spent by sample-day item buyers.

Beyond same-day product sales, retailers holding in-store sampling events benefit from short-term and long-term category conversion.

Among the retailers studied, 49% of product dollars on sampling-event day were from shoppers new to the product category — and these shoppers had a 60% repurchase rate in the 12 months following the sampling event.
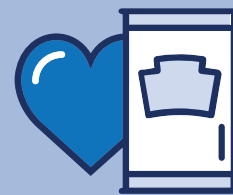
Adult beverage in-store sampling helps drive change to shopping behavior, creating a new opportunity for retailers to capture category share over time.

Advantage Customer Experience found 61% of shoppers who purchased an adult beverage product (beer, wine) on sampling day were new to the category and 84% of those shoppers purchased again at the same retailer within one year.

In-store sampling can reinvigorate sales of well-established products.

Sampling events offer an opportunity to reengage lapsed purchasers to experience the product again and add it to their ongoing consideration set. In one example, 88% of sampling day shoppers of a popular, category-defining snack had not purchased the product in the 18 months prior — and nearly 20% of them repurchased it within the next 12 months.