

“Sowing the seeds”

The theory and practice of seeding drinks brands in the on trade

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So what is meant by seeding?



A commonly used term in our experience, across sectors and styles of drinks

- become more popular
- but often erroneously applied

Worth defining what we mean

- *“origin, beginning or germ; to initiate; a crystal introduced to start crystallisation”* Chambers
- in a drinks context
“to introduce a brand in to selective, limited and targeted distribution so as to stimulate its long term growth towards broader mass distribution and volume sales”

Why bother?



Because...

- the drinks market is essentially a trend based market
 - conspicuous consumption, in front of others, round buying etc
 - in a conspicuous environment (on trade)
- consumption is not deferred or private in the on trade
- so drinking, and brand choice, is an outward expression about yourself

All trend markets are characterised by a gradual process of adoption

- from an influential minority
- who pass on permission to adopt
- through more mainstream 'transmitters'
- to the ultimate majority mass market

What makes it different?



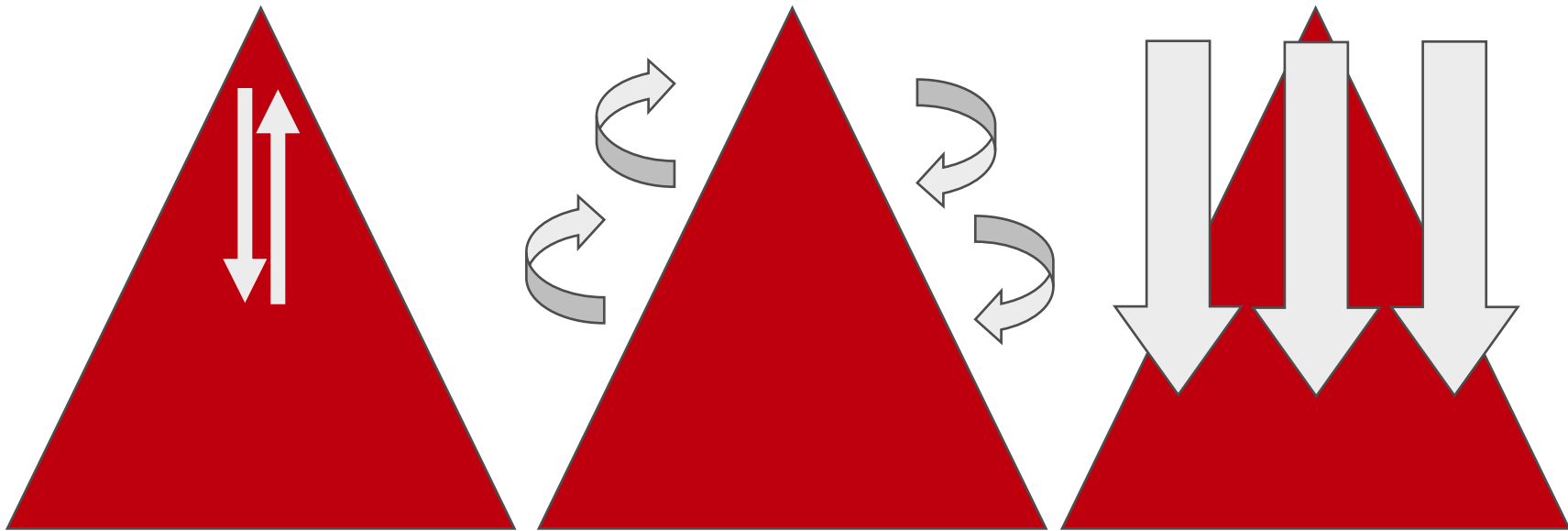
The same could be said of

- clothing, footwear, cars, books, technology consumer products
- and many others

What differs is

- the speed of transmission / adoption
- the sources of adoption and means of spread
- the nature of the people involved
 - an early adopter of alcohol will be different to books, and of beer may even be different to spirits

What's changed for drinks? 3 recent trends



Breadth of premium adoption:

- Increasing mainstream adoption of premium brand icons: fashion, drinks etc
- “Weekend millionaires”
- Is it migration of mainstream consumers up the pyramid...
- ...or shifting of premium brands down the pyramid...
- probably both

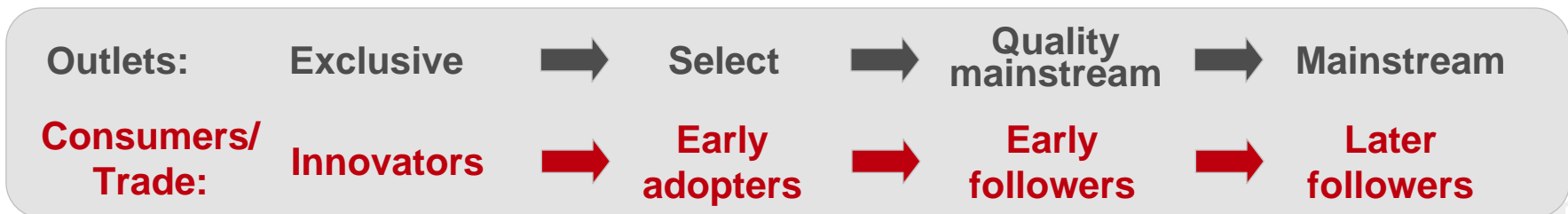
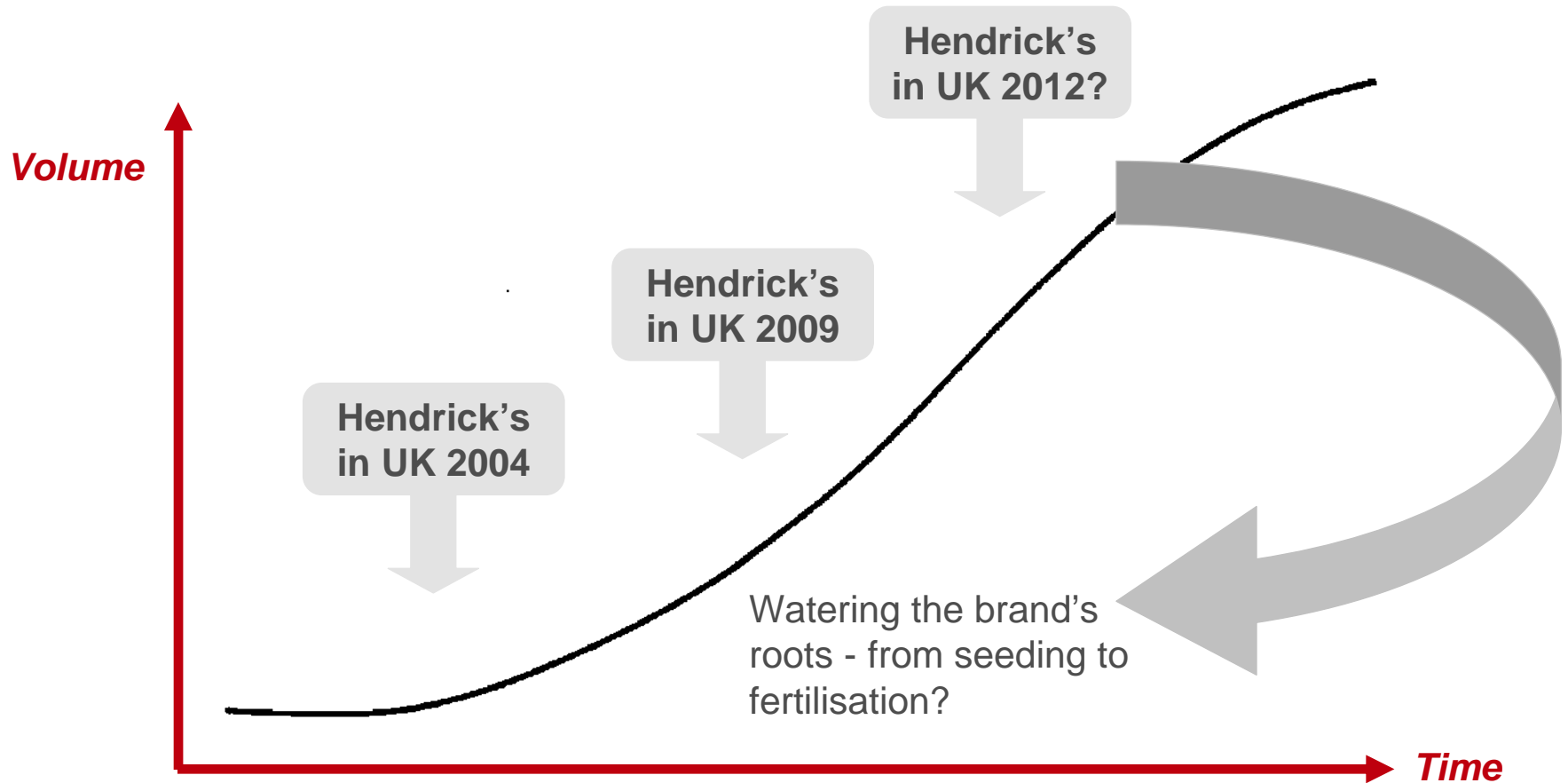
Outside media and the international scene:

- Sheer breadth of media encourages transmission and adoption from all angles (film, press, TV, electronic)
- International travel and media access broadens the process further
- Seeding is now often an *international* process

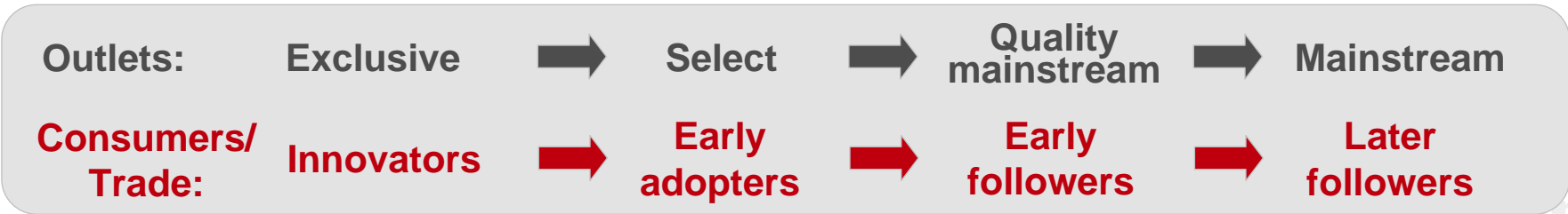
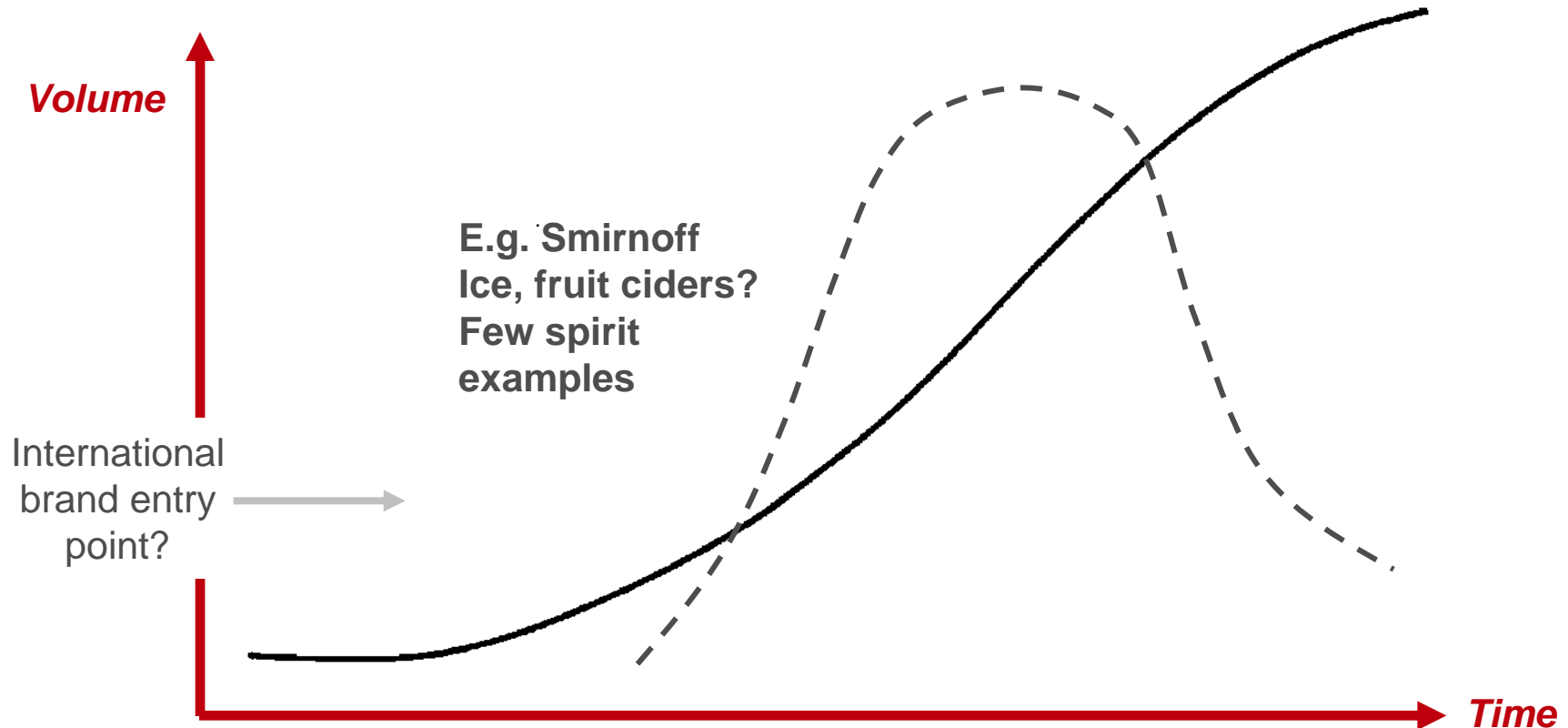
Speed of transmission:

- The effect of more channels is to create a much faster transmission process
- *New ideas and trends move towards the mainstream much quicker*
- The desire for premium, the need to show out, drives the acceleration

Theory: the long term brand life cycle



Not all brands suit the long term adoption curve: some new entrants are more suited to a faster process



Application: towards an outlet led model and strategy management

MARKETING STRATEGY

Innovate

- New brands
- New rituals
- Fundamental reassessment of existing brands

Develop/Drive

- Recruitment
- Penetration
- Image build
- Reconsideration of existing brands
- Accessible new brands

Maintain

- Volume
- Share
- Loyalty
- Reinforcement
- Brand copies/price brands

PEOPLE

“Innovators & Early Adopters”

“Early Followers/ Drivers”

“Late Followers”

“Conservatives”

OUTLETS

“Exclusive”
Outlets

“Select” Outlets

Quality Mainstream
Outlets

“Mainstream”
Outlets



Is seeding universally relevant?



Not all brands can or should be seeded

- the common mistake made
- long term or classic brands have certain characteristics
- shorter term brands have different characteristics
- an attempt to seed will not change or override the inherent characteristics of that brand



Not all long term successes needed seeding

- Bailey's and Archer's?



Successes can sometimes 'seed' themselves - in the absence of management - Magner's

Beware that *your* first exposure to a brand is often not at the start of its life

- take Absolut as an example

The characteristics of short term brands

Short term “fashion”

- Consumers buy in to an idea - supported by an appropriate liquid
- Accessible (product and proposition)
- Product can be secondary consideration
- Lacks authentic heritage/can be more overtly created
- Sustained by peer group usage rather than intrinsic values
- Often tap into (short term) market/social trends
- Mass (promotional) launch
 - often rejected by discerning innovators
 - cannot follow discovery launch
- Quickly copied by competitors
 - affects perceptions of category
 - copies/progressions can be effective
- Initial adopters reject as pass on to subsequent groups
 - while volumes are increasing the roots are dying which gives the illusion of long term potential

The characteristics of long term brands

Long term
“classic”

- Consumers engage with a brand (liquid / heritage / provenance / process) - much less presentation and imagery (designed concept)
- Excellent product standard
- Meets consumer occasionality/demand that can be discovered and evolve into mainstream usage occasions
- Credible heritage or honest contemporary values
- Seldom immediately copied
 - copies usually less successful
- Discovered launch via slow curve
 - early distribution sets positioning
 - mass/standard promotion (above or below the line) only appropriate once established and entering mainstream
 - accelerated launch can relegate to ‘fashion’ brand (devalue authenticity)
- Not initially accessible or appealing to its ultimate mainstream market (who will adopt the brand via the influence of a more discerning or innovative minority)
- Initial adopters continue to use as it passes into mainstream (subsequent loss of salience can be an early predictor of mainstream decline)

Some examples to consider



2009...



Should seeding be affected by a recessionary climate?

The principles remain the same

- theory
- execution

Market reports commenting on mainstream behaviour and attitudes may suggest retrenching towards known established brands - playing it safe, low risk taking

In reality experimental consumers in the right environments still seek to express themselves and good bars are still looking for something new

A long term activity in a short term downturn

The practicalities: managing the process



How is seeding managed? What is required?

- a clear vision
- a lot of patience
- managed internal expectations
- honesty about the brand
 - what is it
- honesty about corporate abilities
 - can we recognise these outlets
 - can we access them
 - can we deal with them, ongoing
 - have we got the right people
 - do we need independent sales teams
- the ability to take simple but illuminating measures of performance and success
- management of the off trade

How to: target distribution 1



Use an independent resource to take the brand to a representative sample of the trade

Ask some searching questions

- *where do you see this working and why?*
what is it similar to?
what is your opinion of it?
would you stock it?
who would drink it?
- to establish an appropriate access point to the market

How to: target distribution 2

Compare the likes of...

Bungalow 8
Movida
Mahiki

with

Old Blue Last
The Dove, Hackney
Callooh Callay
Soho and
Manchester dives...!

Be careful not to overly rely on the 'same' Exclusives

- they are often 'shiny' or highly polished and overtly premium in style
- a lot of (premium spirits) companies target them
- they are often populated by high fashion following consumers - not that innovative in true terms, more motivated by overt displays of conspicuous wealth
- innovation is more trade led
- there are also less overtly premium examples
 - alternative - or anti fashion
 - more creatively profiled in trade and consumer terms
 - literally and metaphorically 'underground'
 - harder to find
- more familiar propositions may enter further along the curve

Determine the influence structure for *that brand*

How to: set early benchmarks and monitor success



Set benchmarks for ongoing measurement

- quality of distribution
 - where is the brand
- presence and visibility
 - can it be seen
 - quality of presence
 - extent of staff recommendation
- volumes
- basic trade awareness and opinion
- consumer awareness and opinion

Repeat at appropriate intervals to that brand or sector

- usually bi-annually

How to: build the brand and activate



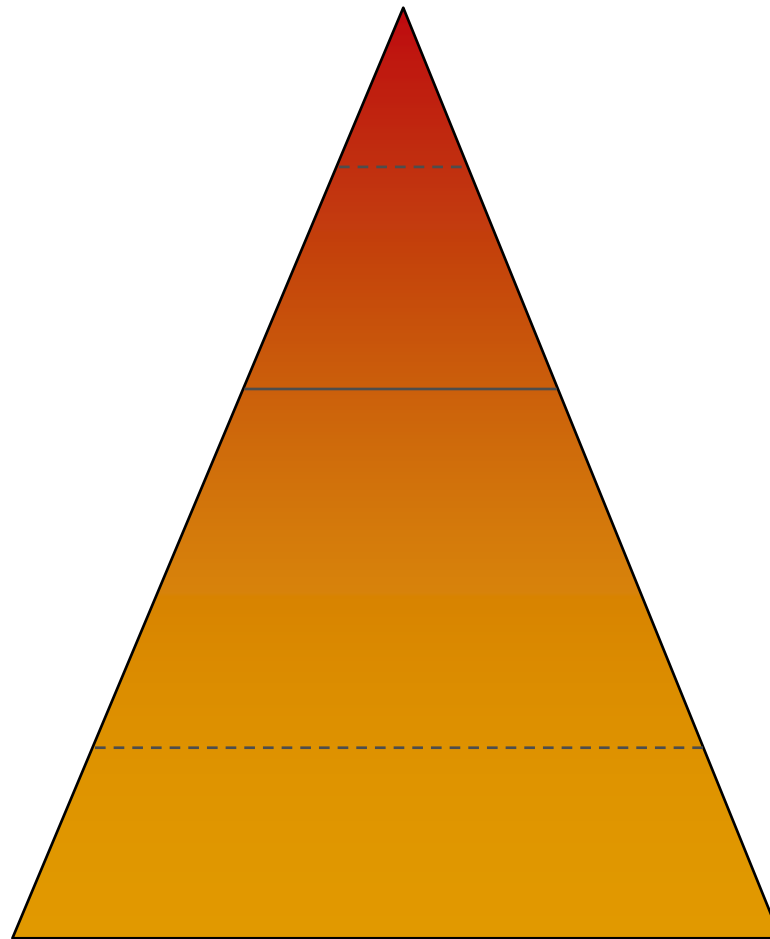
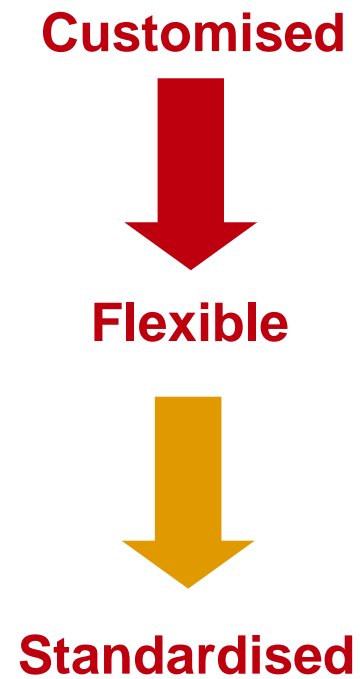
Trade relationships are key to successful seeding

- often the reason for introduction / listing
- sustainable and effective
- but requiring high investment in time
- there are few quick fixes for activation in spirits

Recognition of when to accelerate is never easy

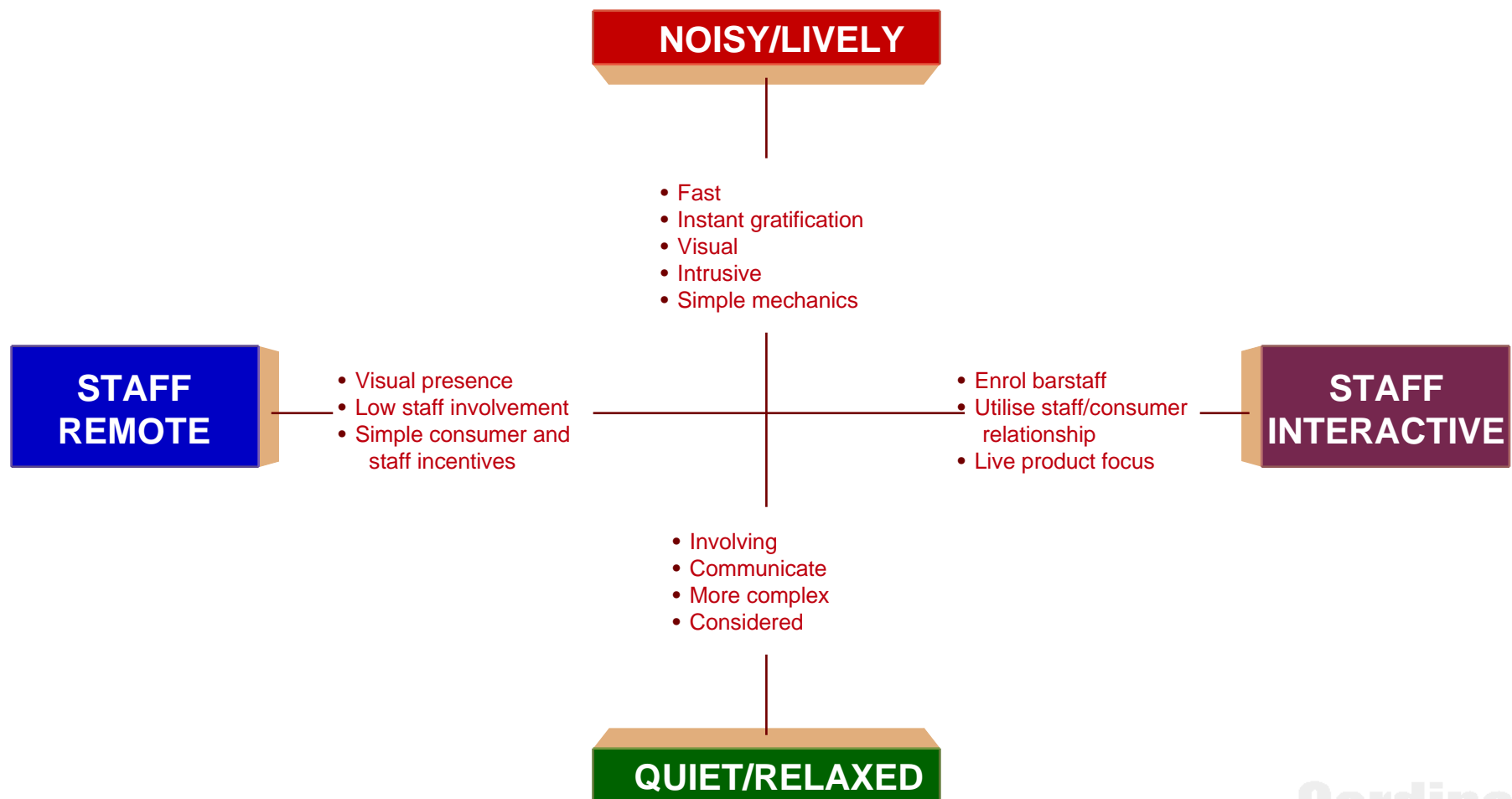
- when to hold back the brand
- always monitor demand from the mainstream
- but never let it be decided by those targeted with new distribution gains

Standardised vs flexible activation



Environment characteristics vs activation mechanic

If strategy determines outlet choice for activity ...
Activation Tactics (campaign objectives and mechanics) must also match specific environmental characteristics - generally and according to session



Towards a measurement solution: SMS



The measurement of on trade activation and Experiential Marketing activity is fraught with compromises, high cost methods and suspect measurements

We know, we've done most of them!

One thing to consider for the future is SMS surveys

- same method throughout makes for good research practice
- cost effective
 - c£10K for 150 responses at event and one month on
- short number of questions, pre coded
- contemporary method
- quick, simple and very client friendly
- tested with Cobra sampling campaign 2008

Summary of key issues and implications

Establish 'life cycle'
at outset and
manage the process
from entry to
maturity
accordingly –
optimising brand
performance and
promotional
expenditure

Seeding is in essence no more than the management of the nature and speed of a brand launch

Analysis shows only two types of successful brand: seeding should be applied in the full knowledge of which type of brand you're dealing with

Short and long term brands have distinct characteristics

- brand propositions
- routes to market

Profile of distribution, speed and nature of launch must be matched to the inherent long vs. short term characteristics of the brand

- a mismatch predicts failure
- launch process dictates or influences life cycle and longevity

Short term profitability seldom has an extended life cycle, long term profit is rarely achieved quickly

Much mainstream behaviour was originally marginal

More discerning elements of both consumer and trade readily recognise the likely life cycles of new brands. This recognition has become a brand attribute that partially dictates actual performance

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