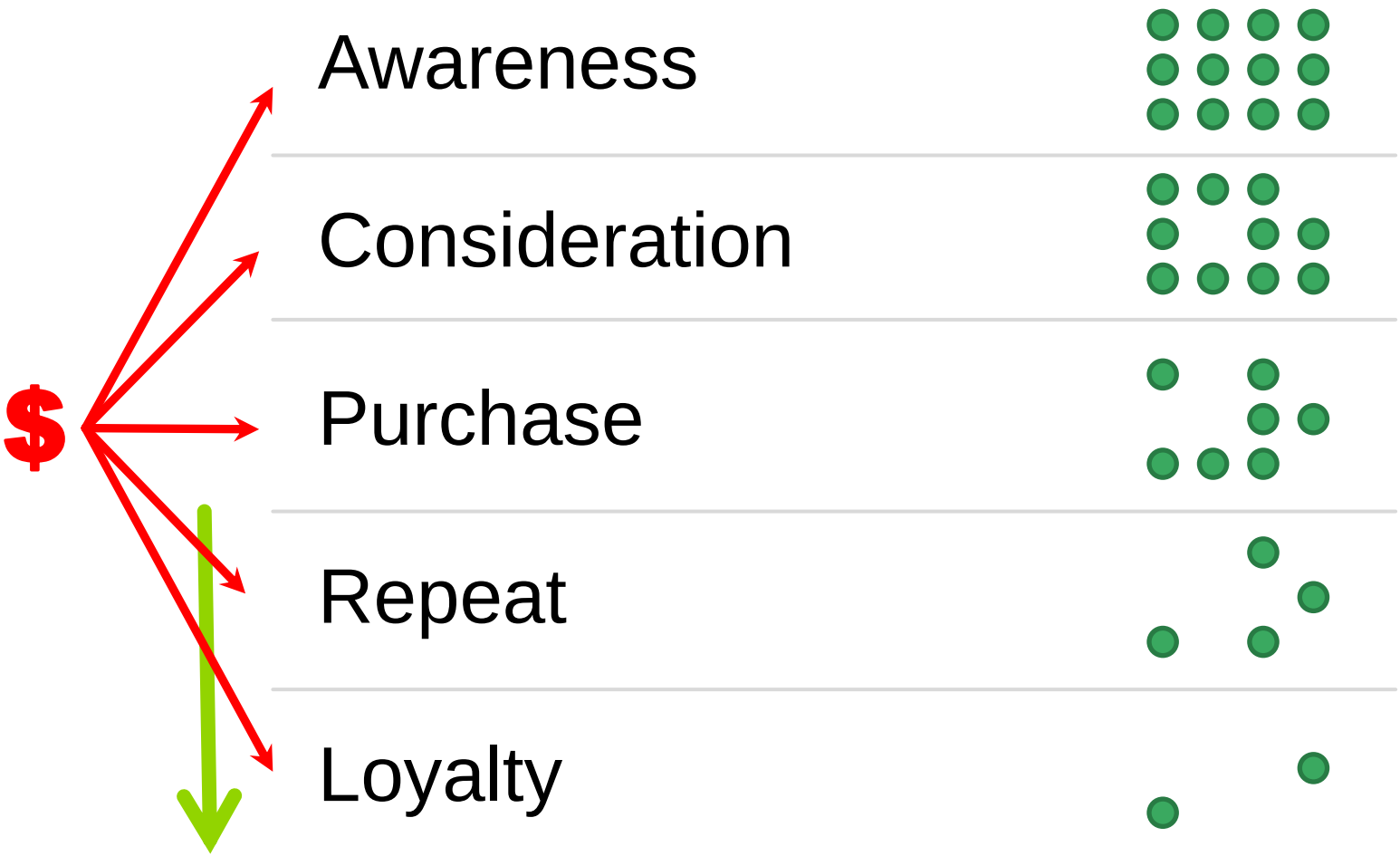
More people : less love

Loyalty is a distraction, not a strategy

Andrew Ridsdale-Smith
Head, Regional Center of Excellence

THE PATH TO PURCHASE



LOYALTY IS HARDER TO GET

Consumers change brands 50% of the time they shop

But this changes across trade..

Traditional trade

56%

Modern Trade

64%

Home shopping

66%

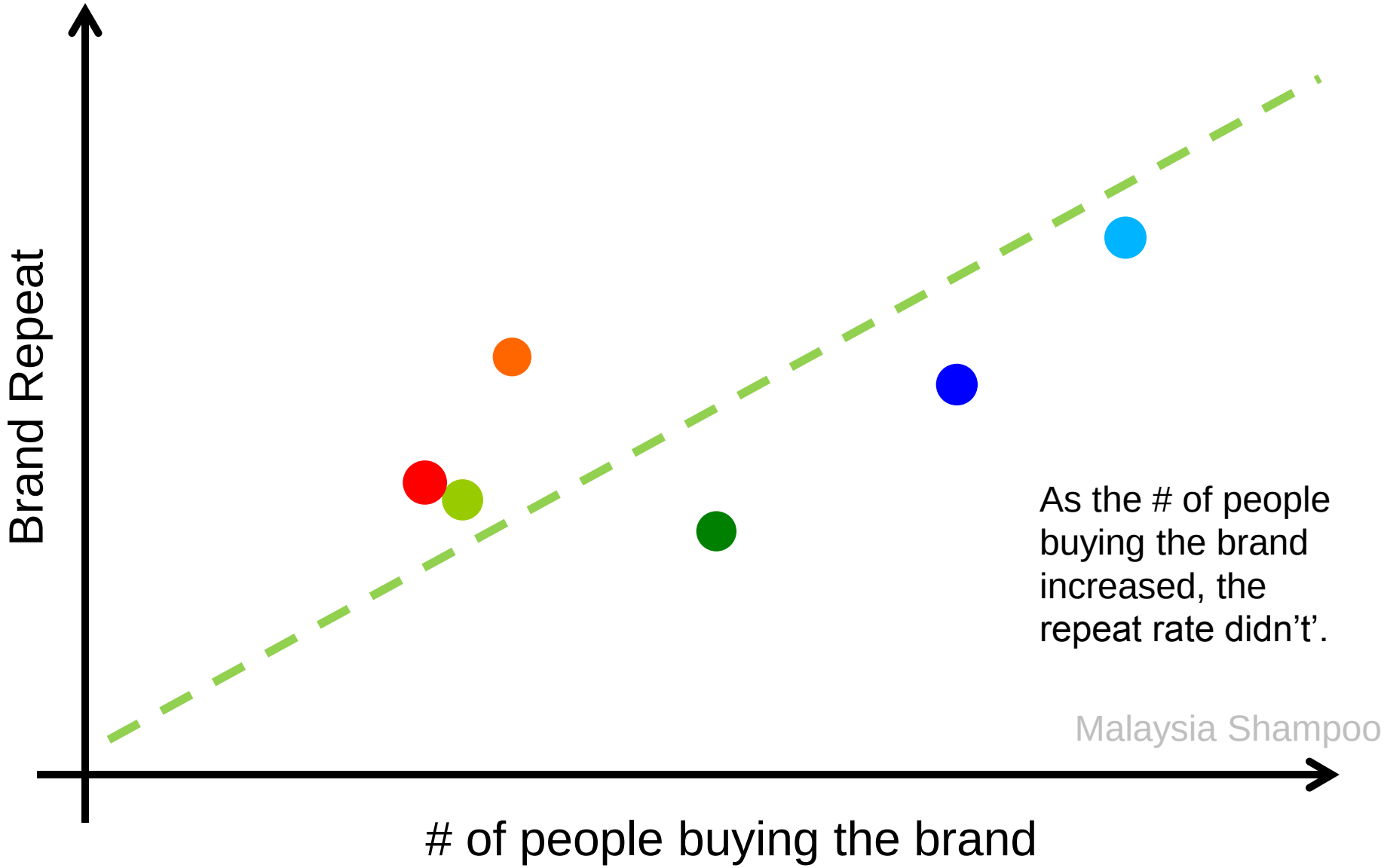
China Detergents

..and as income increases

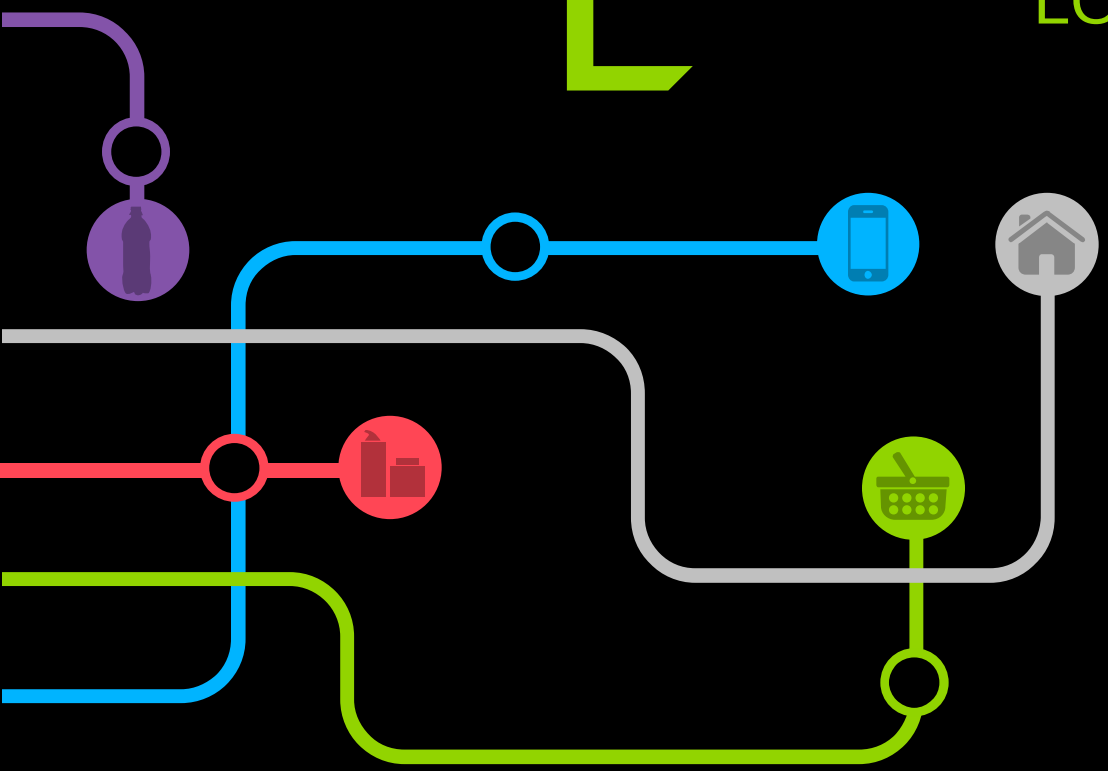
<3,000 RMB	6,000 RMB	>9,000 RMB
57%	60%	63%

Shampoo

LOYALTY LEVELS ARE

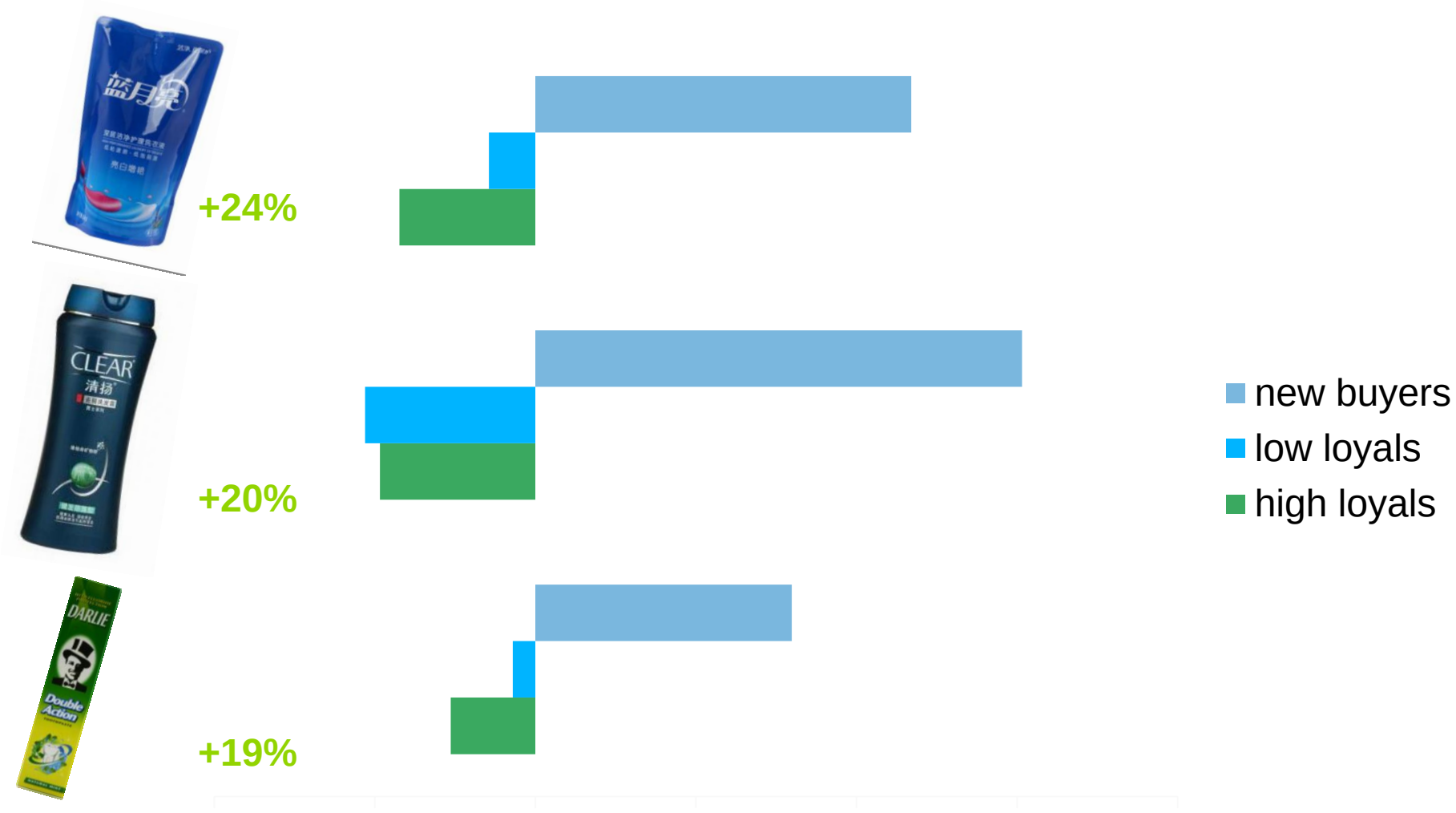

Brand Repeat
# of people buying the brand
As the # of people buying the brand increased, the repeat rate didn't'.
Malaysia Shampoo

GROWTH COMES FROM NON-LOYAL CONSUMERS



Contribution to sales change

Fast growing brands: gain in new users higher than loss of sales from loyal consumers



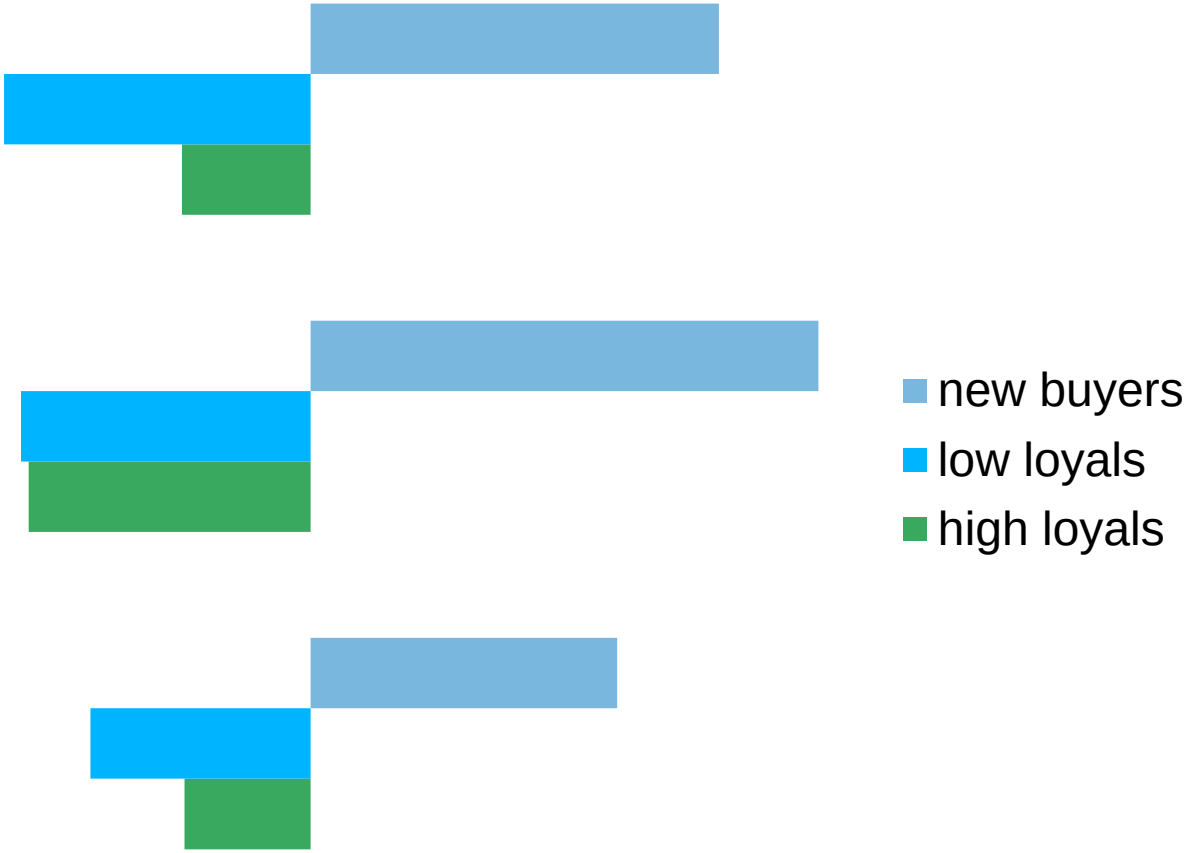
Contribution to sales change

Stable / declining brands: gain in new users does not cover loss of sales from loyal buyers

-2%

-5%

-3%

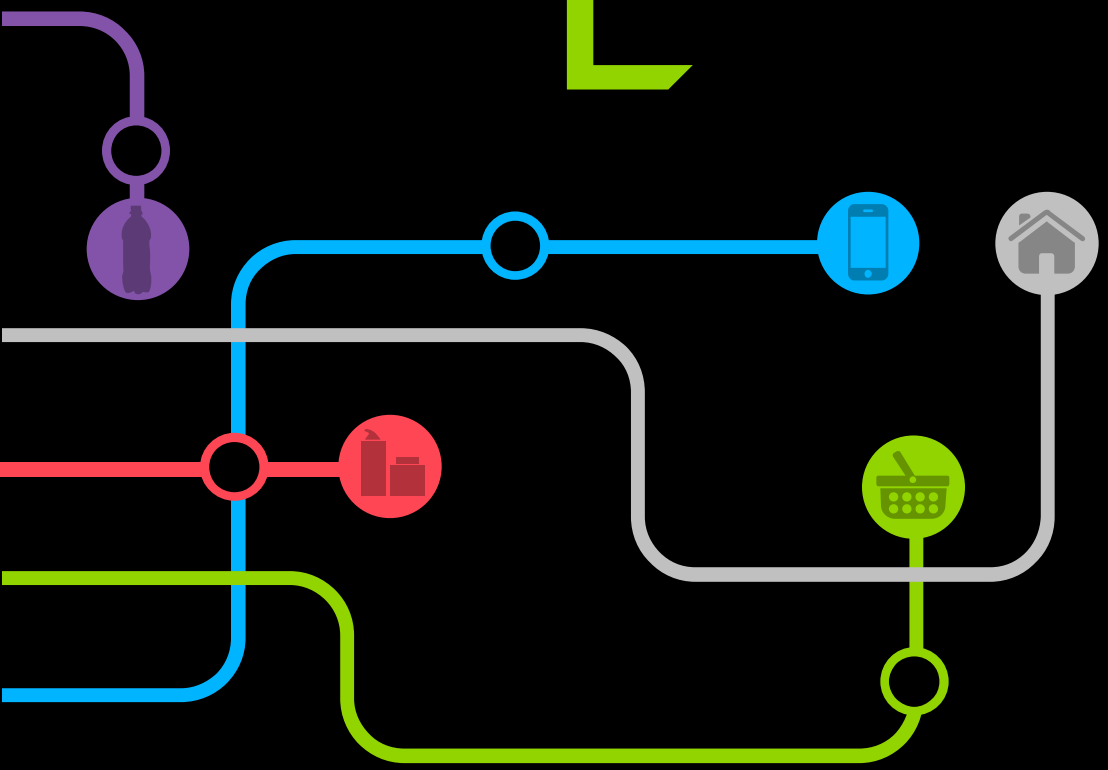


WHAT HAVE WE LEARNT?

WHAT WE HAVE LEARNT

- **High loyalty is un-natural**
- **Loyalty is temporary**
- **Brands win by attracting new users**
- **This needs to happen <u>all the time</u>**

HOW CAN I DRIVE TRIAL?
5 SUGGESTIONS



5 TRIAL STRATEGIES

Be available everywhere

Be in the right place

Following category adjacencies can increase sales and penetration levels significantly

+8%

Malaysia Milk Powder study

5 TRIAL STRATEGIES

Be available everywhere

Be in the right place

Assess launches on incrementality, not volume

Success rates for new launches double if they deliver high incrementality

UK Launch success project: TNS and Worldpanel

5 TRIAL STRATEGIES

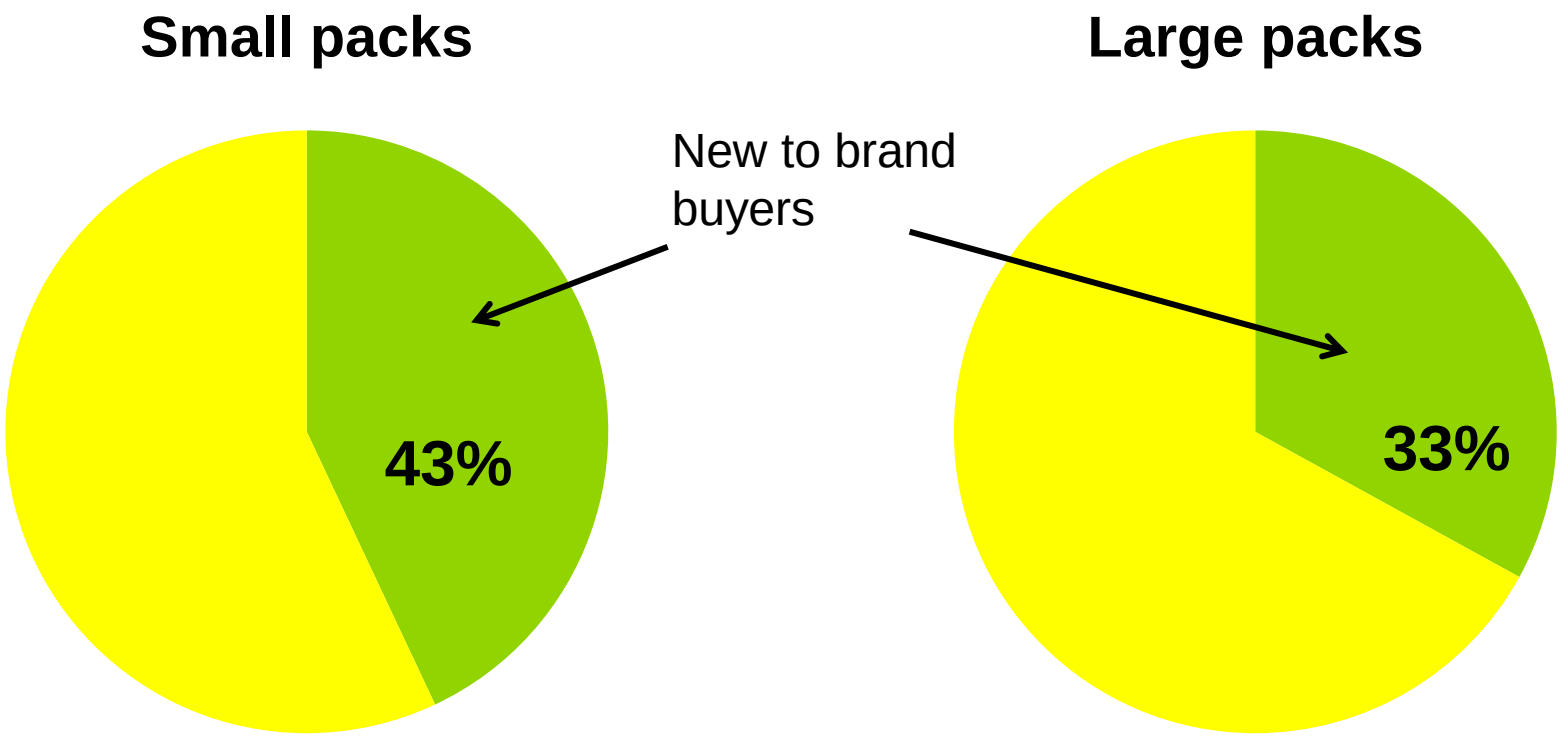
Be available everywhere

Be in the right place

Assess launches on incrementality, not volume

Know the entry point for your brand

First time brand buyers tend to enter through the smaller packs of a brand

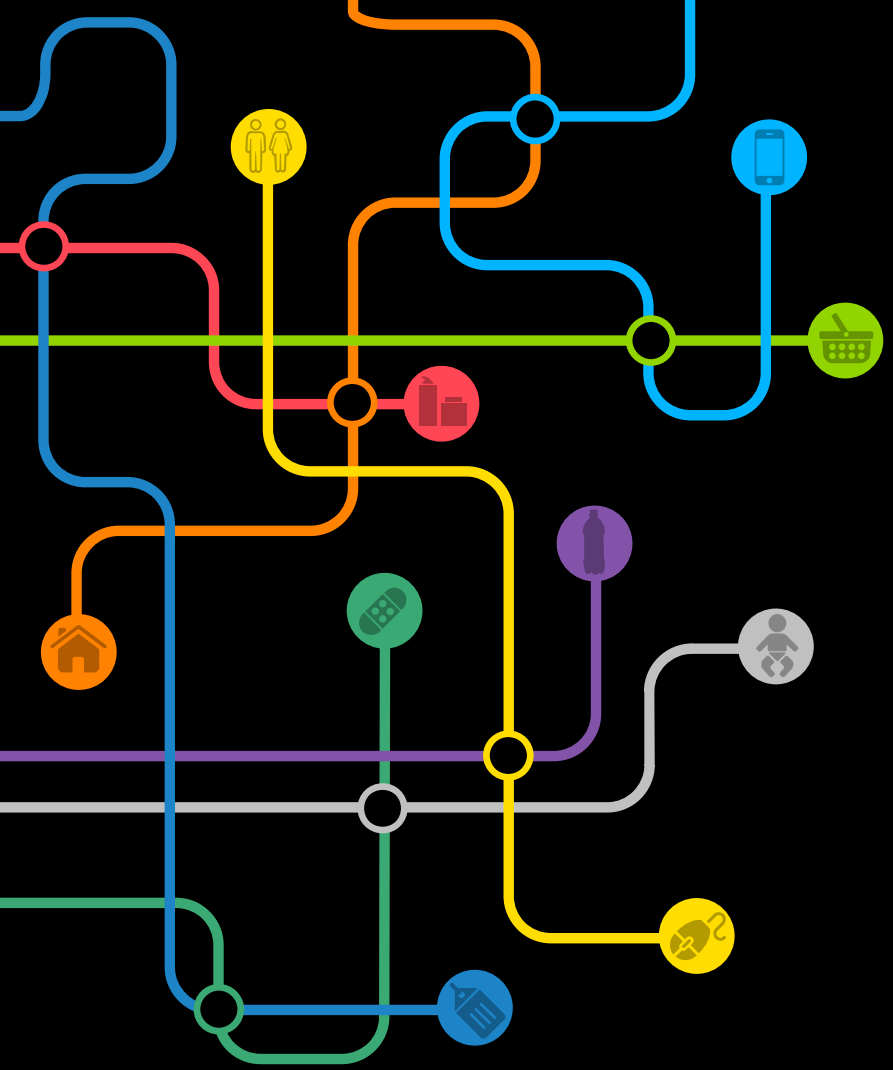


Average contribution to pack sales from new and existing brand buyers
China Shampoo

© Kantar Worldpanel

5 TRIAL STRATEGIES

- **Be available everywhere**
- **Be in the right place**
- **Assess launches on incrementality, not volume**
- **Know the entry point for your brand**
- **Communicate with the aim of increasing awareness – not to persuade**



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