



# On How Brands Grow

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Croft Analytics

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# ON HOW BRANDS GROW

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Growing brands



Short & long term



How we buy



Being distinctive

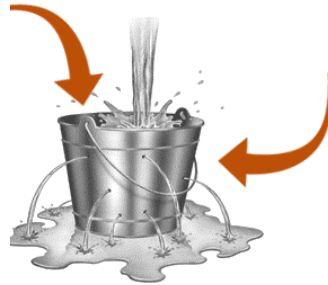


Being available

# How brands grow

## ACQUISITION OF NON-BUYERS

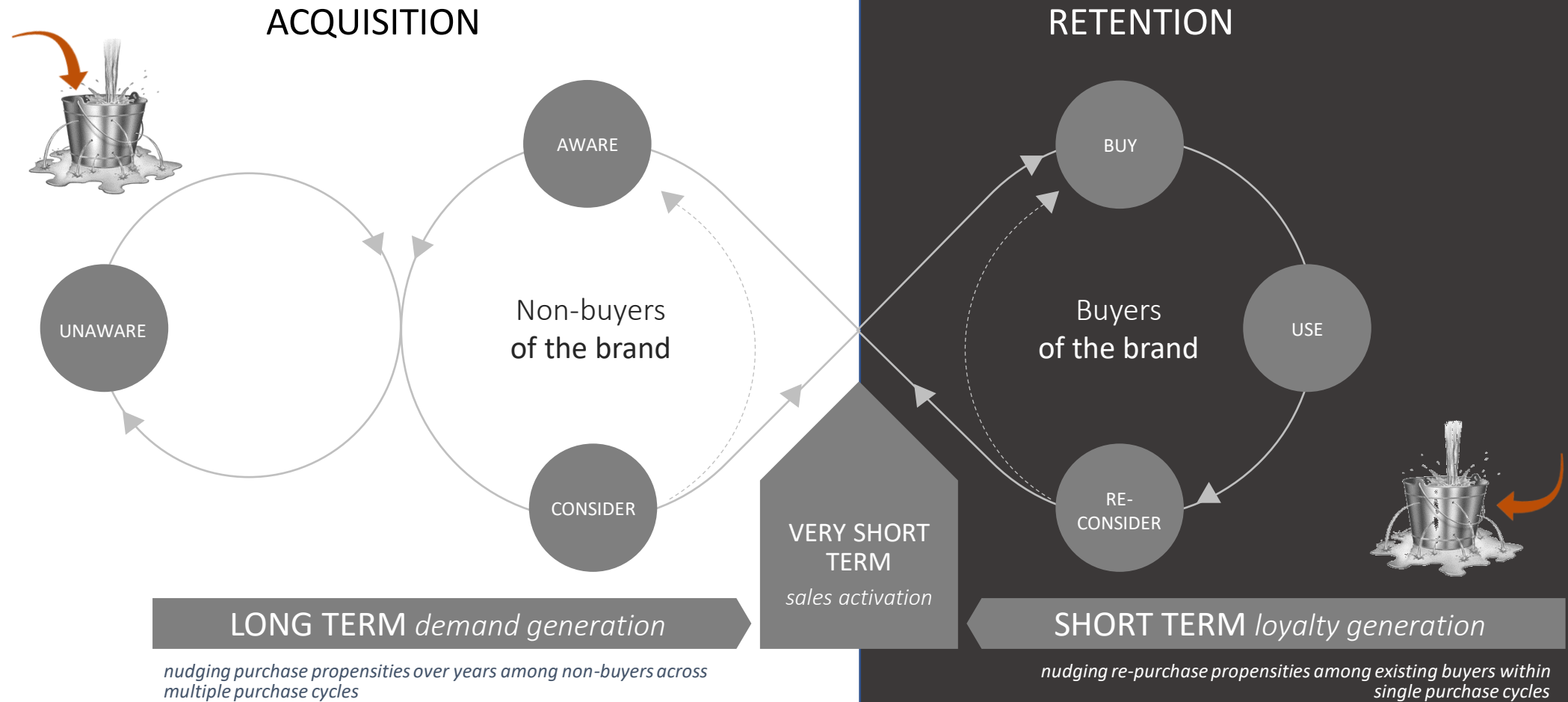
Growth by increasing  
**penetration**



## RETENTION OF BUYERS

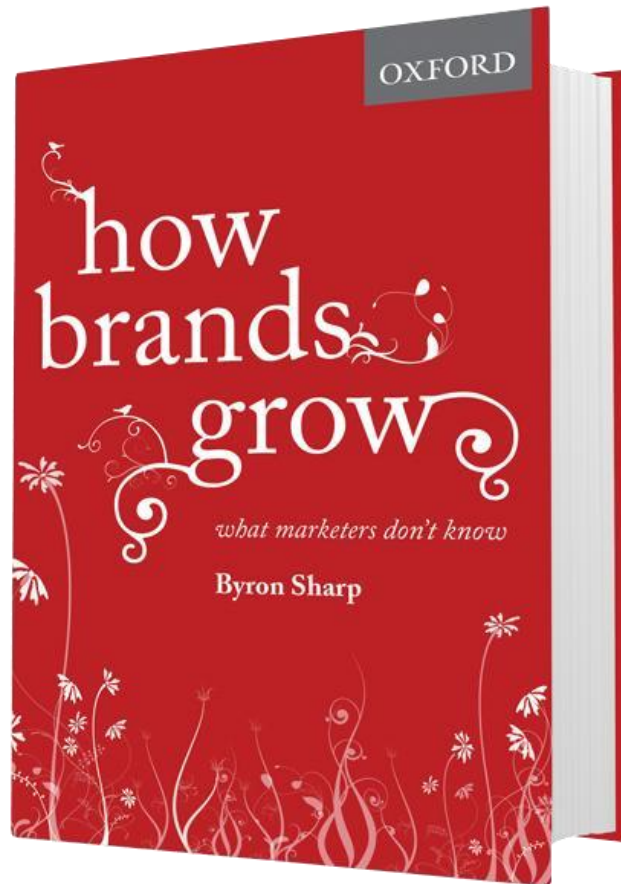
Growth by increasing  
**customer loyalty**

# Two audiences for every brand



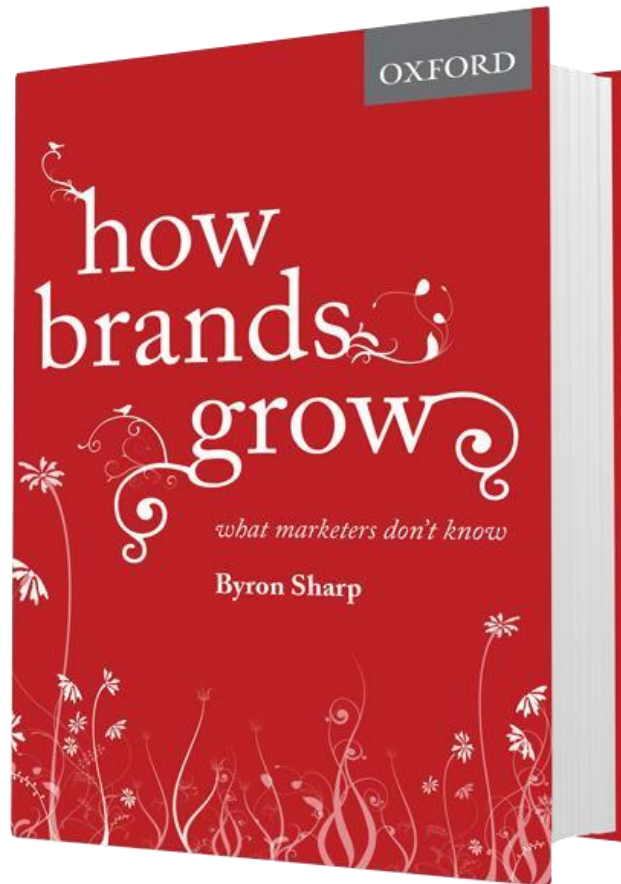
# Evidence Based Rules for Brand Growth

and some companies that are sponsors of the Ehrenberg-Bass Institute for Marketing Science



Source: <https://www.marketingscience.info>

# The #1 rule for brand growth



Brands grow by gaining more buyers

Increasing penetration is the main driver of brand growth

To grow, maximize reach of non-buyers of the brand



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# Short termism is growing



## LESS TRUST

**Falling trust in institutions, authority figures, corporates**

Rising reliance on reviews, influencers, search



## LESS CERTAINTY

**2008 fin crisis, populism, Brexit, COVID-19**

Companies focusing on short term KPIs



## LESS BRAND POWER

**Rise of e-commerce, Amazon, Temu, Shein etc.**

Consumers focusing on products, comparisons, reviews



## LESS FRICTION

**Faster access, info, purchase, response, delivery**

More DR, promotions, programmatic, machine learning, AI



**“A brand is a product with a lot of trust, building its values. Without trust a brand is just a product, and without trust advertising is just noise”**

*Keith Weed, Chief Marketing & Communications Officer, Unilever*





## Short termism damages brands



By over-focusing on short term activation, at the expense of long term demand, brands become products/commodities



By over-focusing on actions based on short term data brands may narrow to target the most likely buyers – their existing customers – with short term promotions that erode margins and reduce penetration potential



## Short termism damages *airlines*



“ We mostly spend time selling a destination with a price point. This, to me, is madness. I know it drives the sales because if someone is in the mode of buying, what they want is a way to get there. But if that’s your only strategy you are actually unwinding your brand, transaction by transaction; you just don’t realise it yet. ”

Edward Bell  
GM Brand, Insights and Marketing Communications  
Cathay Pacific Airways

## Short termism damages *shoes*



“ We had an understanding that it was digital advertising that was driving online sales and as a consequence we were over-investing in that area. 60% of our total revenue comes from first time buyers, yet we were over-indexing on CRM. That limits ability to drive sales. Brand is driving 65% of our sales yet is underinvested. 77% of our investment is performance. ”

Simon Peel  
Global Media Director  
Adidas

## Short termism damages *telcos*



“

We have to unlearn digital reliance where there has arguably been over-investment.

There is a generic understanding that TV builds brands better than any other medium.

”

Lisa Walker  
Head of Media and Sponsorship  
Vodafone



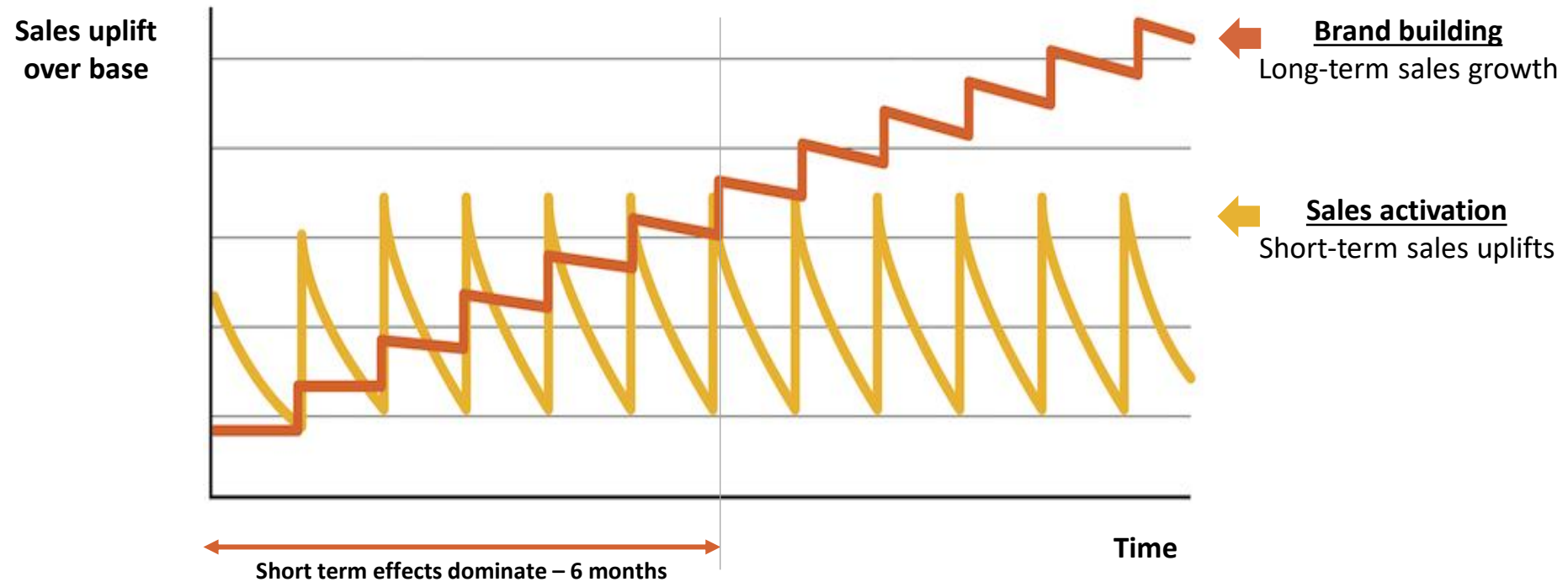
# To grow: increase penetration



“ Talking to existing customers is less profitable.  
Penetration is more important than loyalty  
for all sectors – even subscription services.  
The most effective campaigns talk to the whole  
market – customers and non-customers. ”

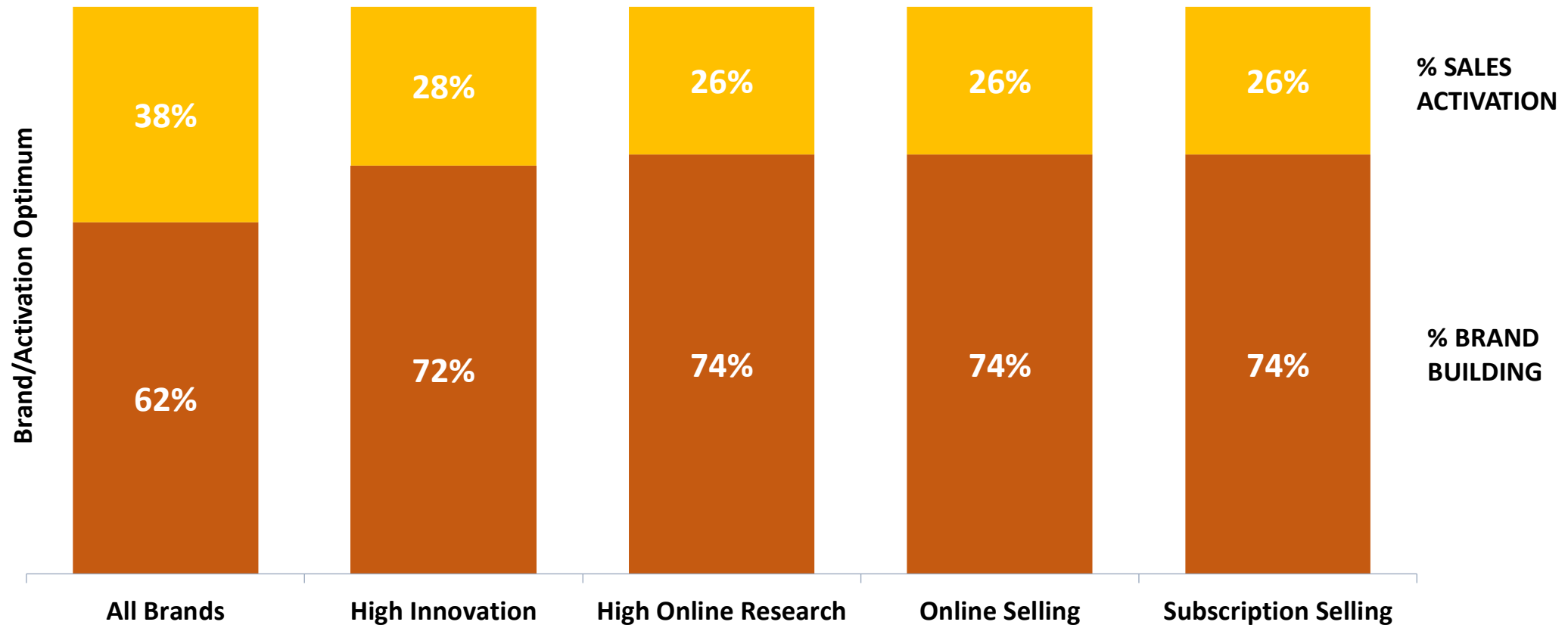
Les Binet  
Head of Effectiveness  
adam&eveDDB

# To grow: balance long-term brand building and short-term sales activation



Source: Les Binet and Peter Field, *Media in Focus: Marketing Effectiveness in the Digital Era*

## To grow: balance long-term brand building and short-term sales activation



Source: Les Binet and Peter Field, *Media in Focus: Marketing Effectiveness in the Digital Era*



# To grow: brands need branding and activation



## **BUILD BRANDS**

LONG TERM

Creates mental brand equity

Influences future sales

Cumulative, slower memory decay

Indirect measurement



## **SELL PRODUCTS**

SHORT TERM

Exploits mental brand equity

Generates sales now

Fast memory decay

Direct measurement





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How we buy

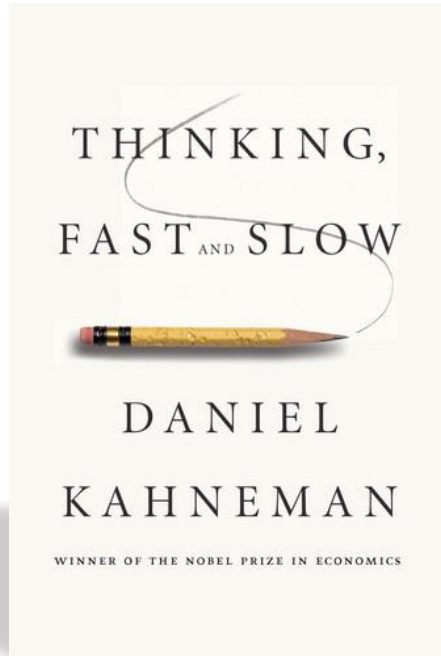


Being distinctive

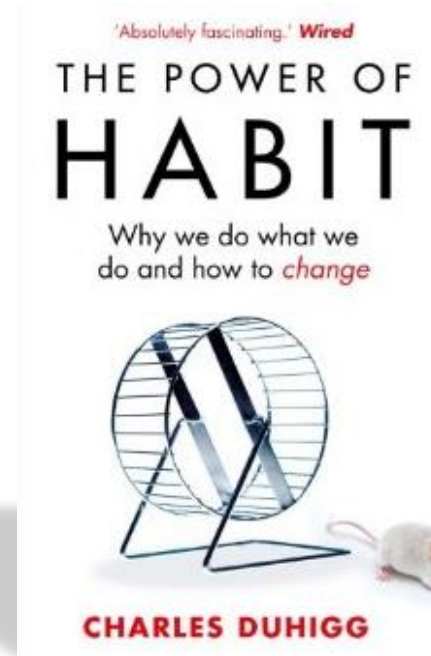


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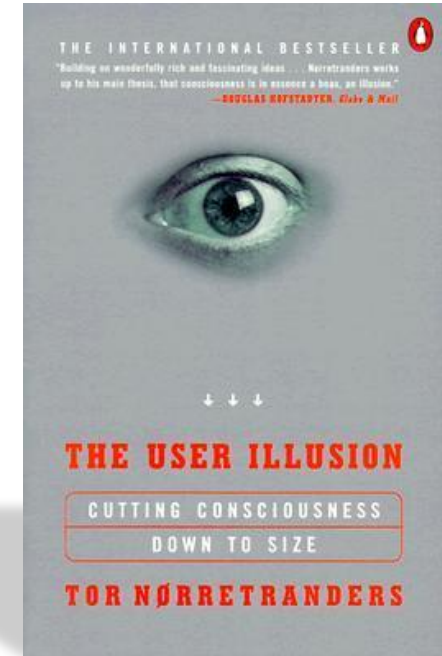
# How we buy



Our subconscious brain makes our decisions

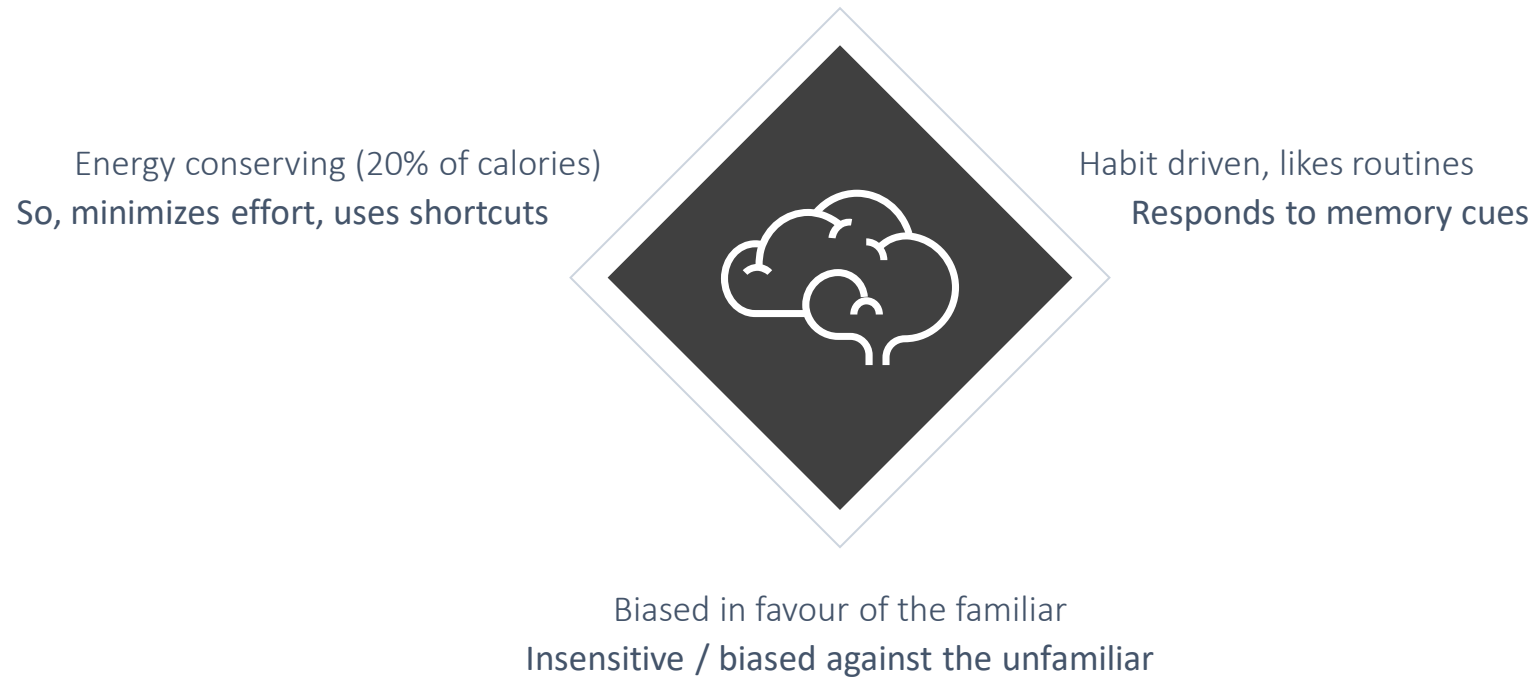


We do most things habitually



We are almost entirely unconscious

# Familiarity is vital for brand growth



Sources: *Thinking, Fast and Slow*, Daniel Kahneman / *The Power of Habit*, Charles Duhigg / *The User Illusion*, Tor Norretranders

# Repetition drives familiarity



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This happens regardless of what is being repeated  
**Repetition nudges purchase probability**

Sources: *Thinking, Fast and Slow*, Daniel Kahneman / *The Power of Habit*, Charles Duhigg / *The User Illusion*, Tor Norretranders

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## Being distinctive



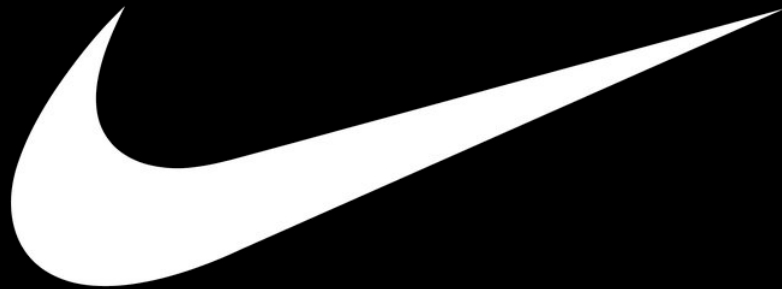
LOOKING LIKE YOU,  
NOT SOMEONE ELSE

SO PEOPLE KNOW IT IS YOU

# Distinctive assets are heuristics



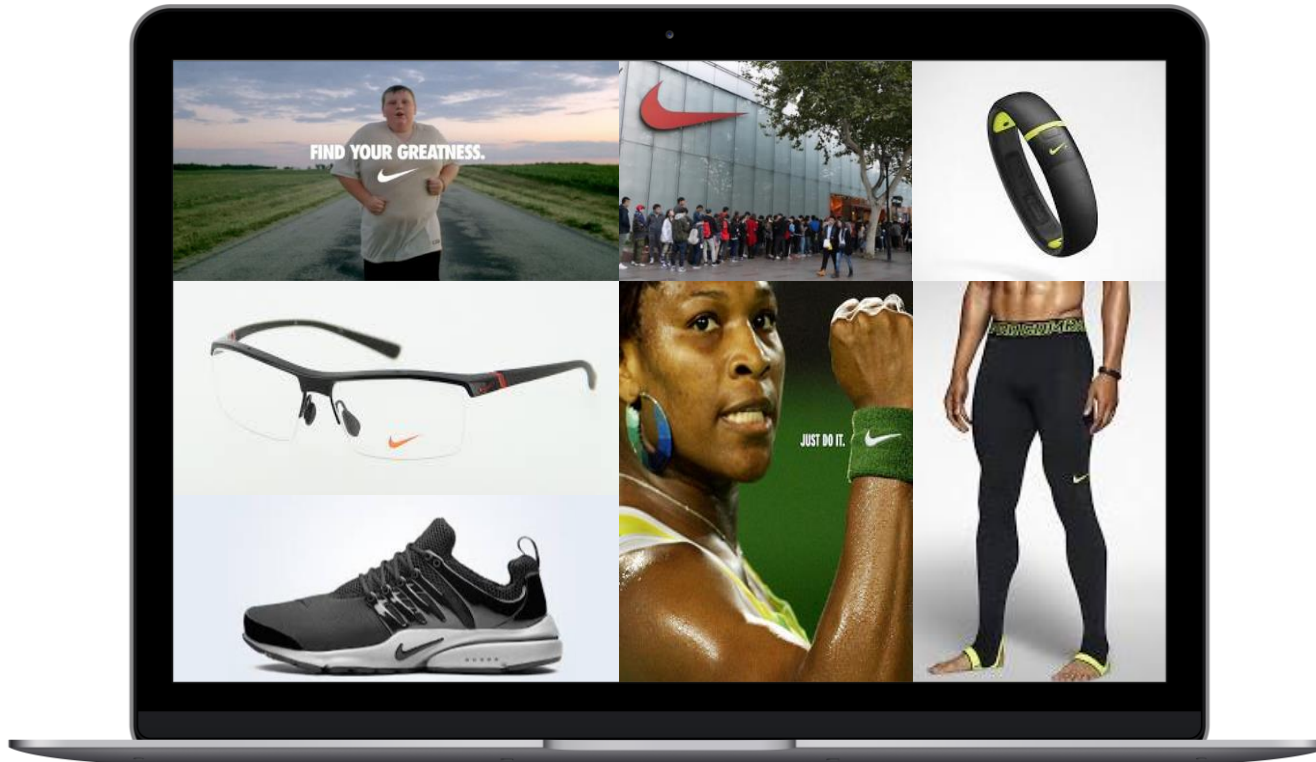
Source: Ehrenberg-Bass Institute for Marketing Science



For an element to be distinctive it must evoke the brand, and only that brand, without prompting, for close to 100% of consumers



# The value of a distinctive asset



Instant recognition, building & maintaining brand associations across contact points

Source: Ehrenberg-Bass Institute for Marketing Science

## Why distinctive assets are useful

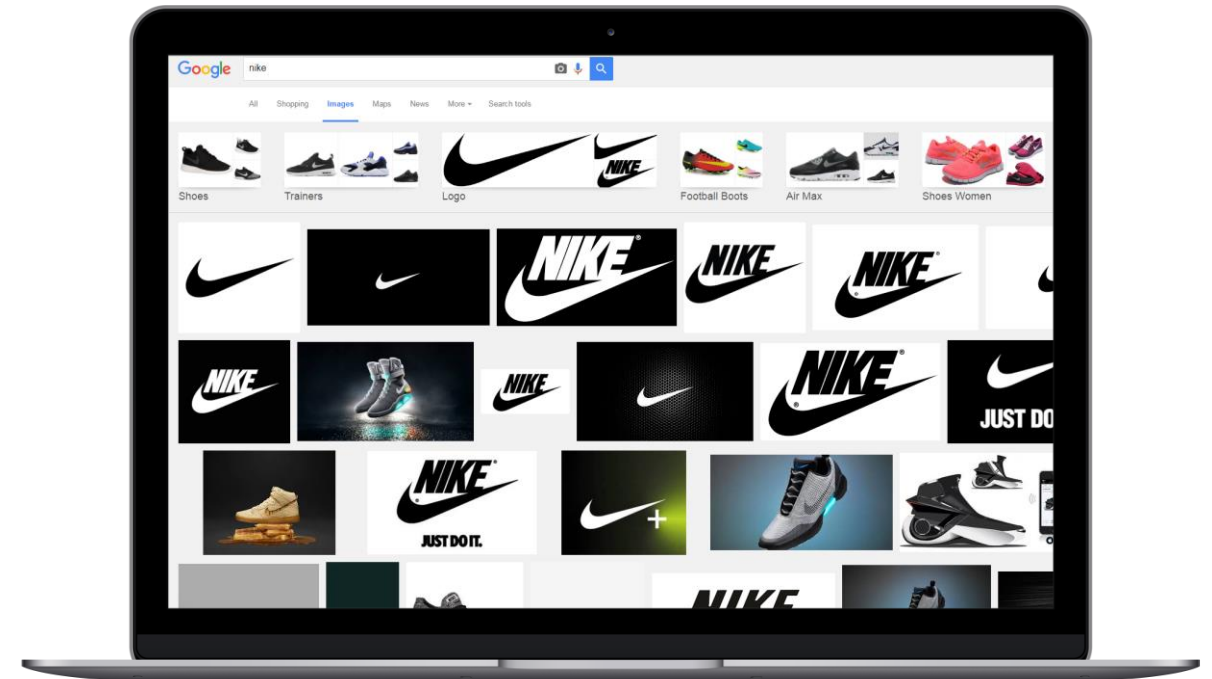
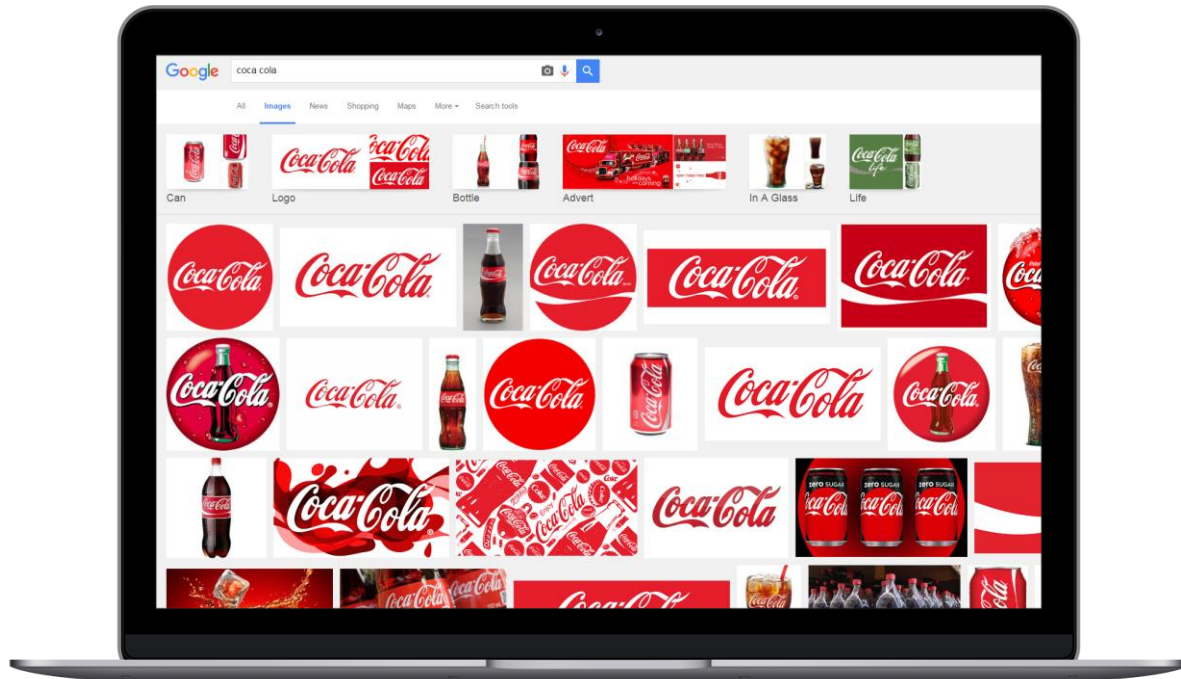
Amplifies the brand  
using non-word  
elements that enhance  
brand memorability



Easy brand identification,  
particularly in store

More creative alternatives,  
a focal point for multi-layered  
multi-touchpoint campaigns

# Distinctive assets are instantly recognisable



## Out with the old, in with the new?



OLD



NEW



# Regular buyers thought Tropicana had been de-listed





# Building the distinctive asset



Consumers must **learn** its association with the brand

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Requires **long term consistent co-presentation** of the distinctive element and the brand name across all touchpoints

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Eventually the distinctive asset can be **used on its own to instantly evoke the brand** for consumers

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Distinctive assets give a **wider creative pallet** for branding strategies

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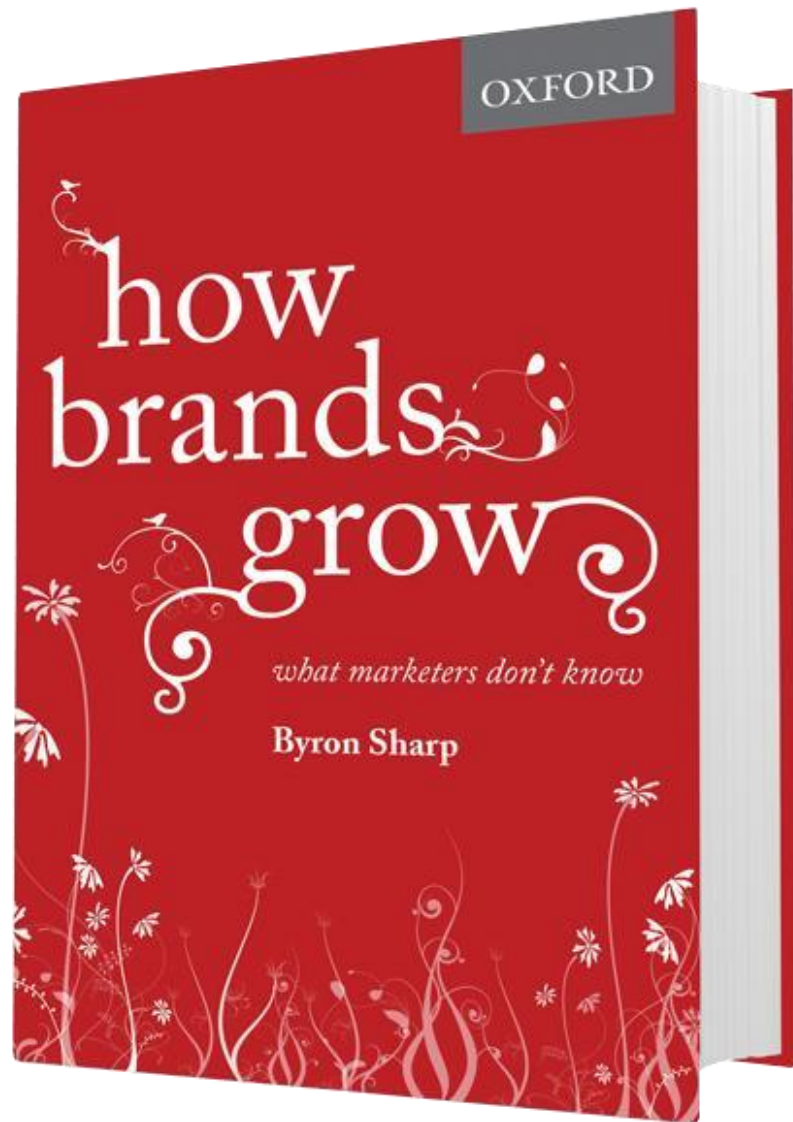
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**Brands grow by gaining more buyers**  
not by persuading existing buyers to buy more

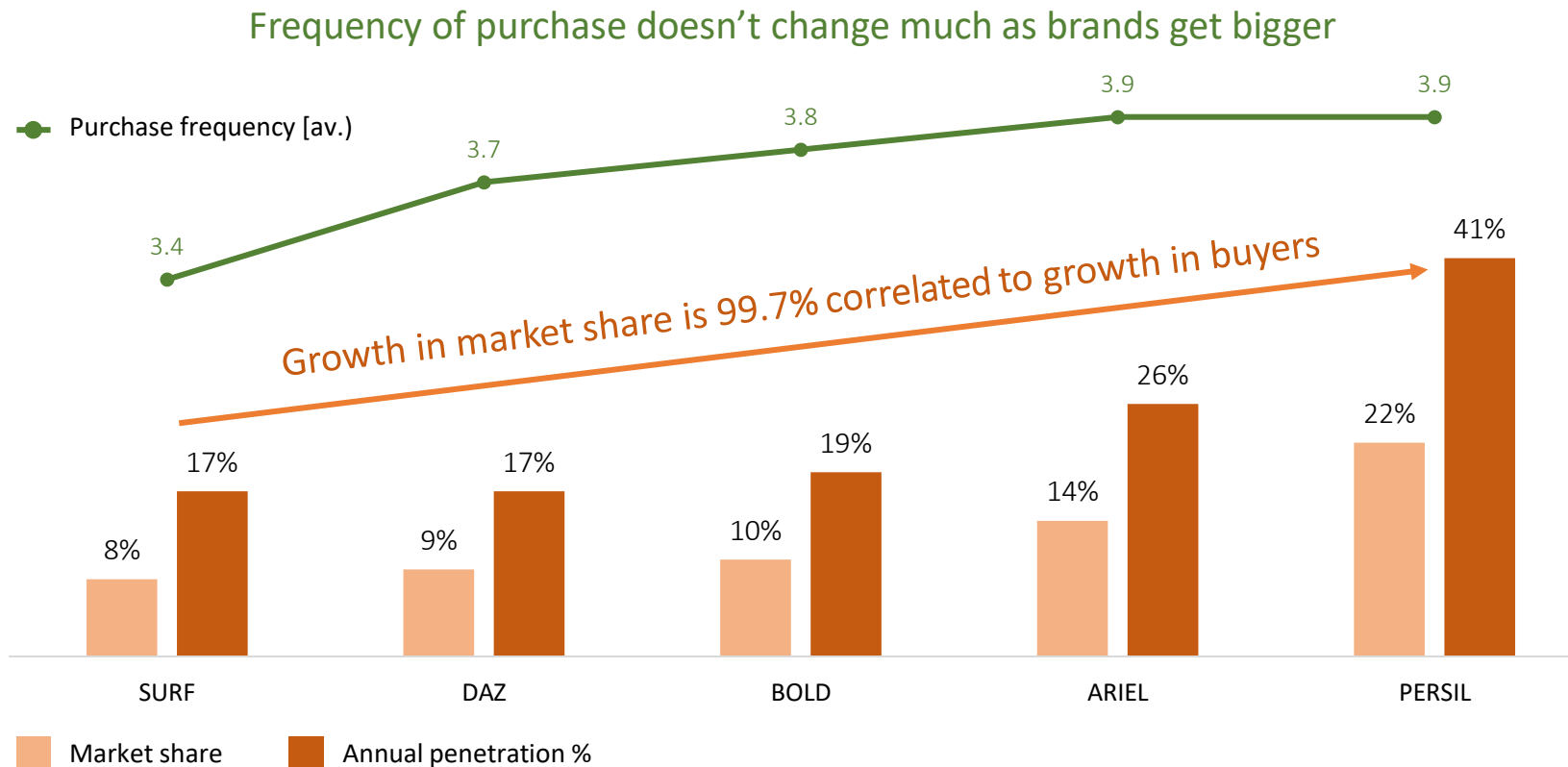
Marketers need to build physical and mental availability  
for their brand amongst all category buyers





# Brands grow by increasing penetration

WASHING POWDER, UK



Source: TNS

## Brands grow by converting non-buyers

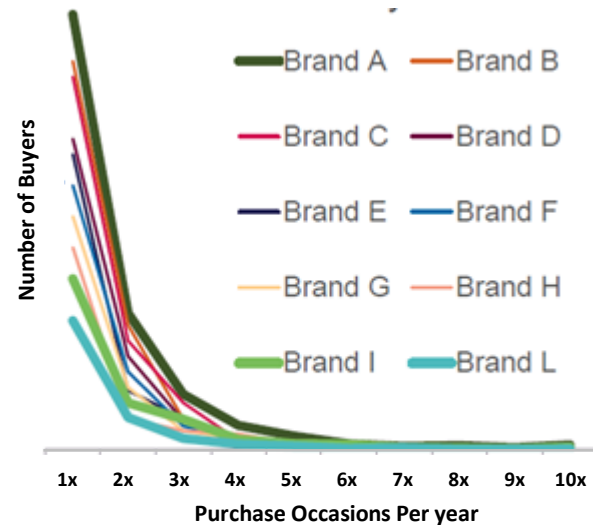


The evidence that brands grow by increasing penetration is repeated across categories and countries

Converting non-buyers is the key for growth

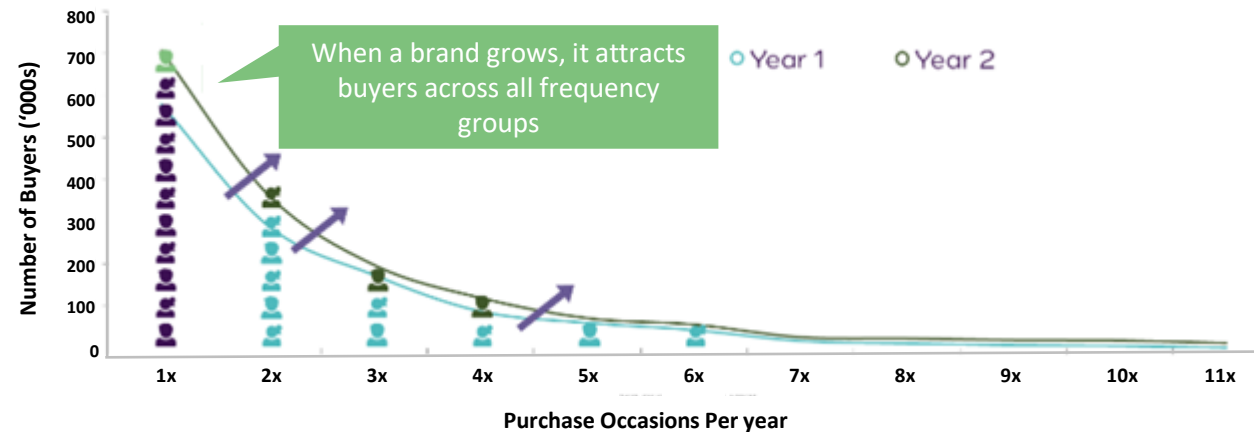
# All brands grow by increasing penetration

All brands buyer bases are made up of light users. All of them



As a brand grows 1 time users ..... 2, 3, 4,+ will follow

To grow, brands need to convert a large number of first time buyers who did not buy in the last year. As penetration grows, more people will buy at higher frequencies.



Source: Kantar Worldpanel

**Most buyers of most brands are very light, but they account for a lot of sales**

Over one year, about 50% of CPG brand buyers are newcomers, about 50% are leavers, and about 50% buy only once or twice in the year

Over five years, about 80% of CPG brand buyers buy once a year or less - delivering 40% of sales. Penetration is broadly predictable, doubling from a quarter to a year, and from one year to five



## To grow a brand...



Deploy and measure a distinctive asset  
to maximize mental availability



Deliver strategies and brand actions that maximize  
acquisition of non-buyers to grow penetration

# Example Budgeting Balance Matrix for a small brand with a small budget

	<b>Non-Buyers Acquisition</b> 75%	<b>Buyers Retention</b> 25%
<b>Demand Generation</b> 60%	<b>Budget %:</b> 50% <b>Audience:</b> Non-buyers Unaware / Aware <hr/> <b>Goal:</b> build brand equity / saliency <b>Effect:</b> long term / multiple purchase cycles <b>Engage:</b> system 1 / emotion <b>Method:</b> reach / repetition / distinctive assets <b>KPIs:</b> awareness, brand equity, long term sales	<b>Budget %:</b> 10% <b>Audience:</b> Buyers Recent / Users <hr/> <b>Goal:</b> build engagement / loyalty <b>Effect:</b> short term / single purchase cycle <b>Engage:</b> system 1 / emotion <b>Method:</b> reinforce habit <b>KPIs:</b> Net Promoter Score, engagement, loyalty
<b>Sales Activation</b> 40%	<b>Budget %:</b> 25% <b>Audience:</b> Non-Buyers Consider <hr/> <b>Goal:</b> drive consideration <b>Effect:</b> very short term / purchase decision period <b>Engage:</b> system 2 / rational <b>Method:</b> promotion / disrupt habit <b>KPIs:</b> consideration, purchase intent, acquisition	<b>Budget %:</b> 15% <b>Audience:</b> Buyers Re-consider <hr/> <b>Goal:</b> drive re-consideration <b>Effect:</b> very short term / purchase decision period <b>Engage:</b> system 2 / rational <b>Method:</b> promotion / loyalty reinforce <b>KPIs:</b> consideration, purchase intent, retention



## HOW BRANDS GROW

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By increasing penetration

By maximizing use of distinctive assets

By maximizing brand availability

By balancing acquisition and retention



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