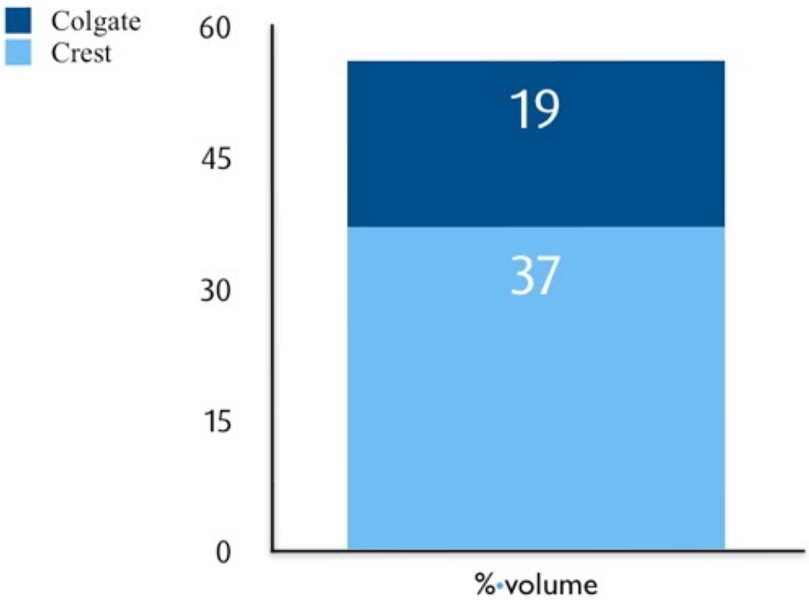
Chapter 1:
Evidence-based Marketing

Byron Sharp

Imagine you are the Insights Director of Colgate Palmolive. Margaret, the Senior Category Manager for toothpaste, is standing at your office door and she is obviously distressed. She is waving a recently received report from your global market research supplier, and this is what it shows:[1][2]

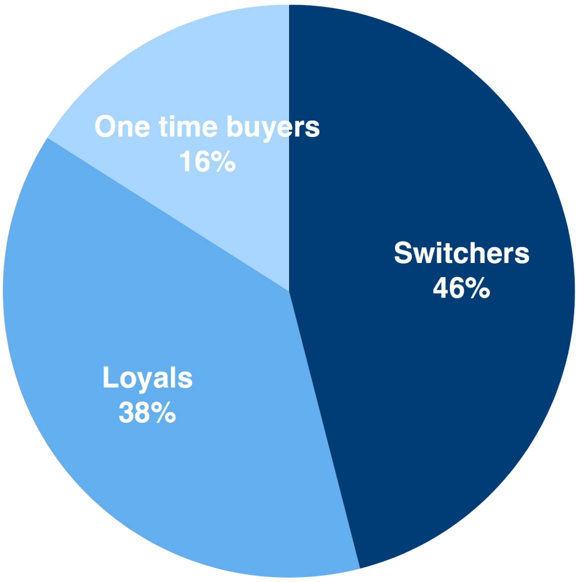
Figure 1.1: Toothpaste brands: US market shares (volume)



Data source: Spaeth & Hess 1989.

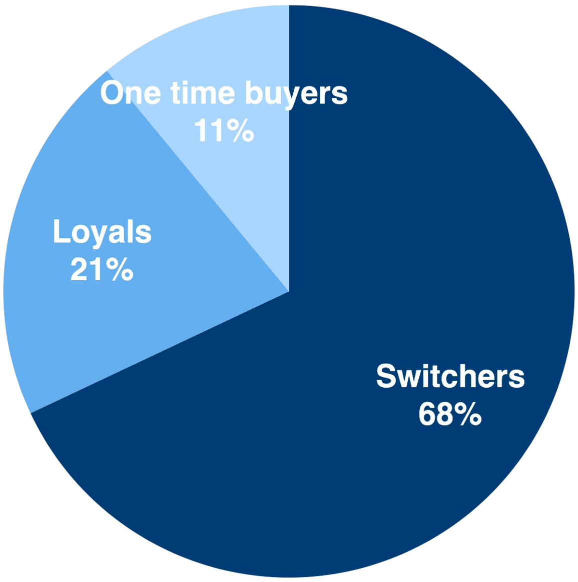
The market research shows that Procter & Gamble's Crest brand of toothpaste has double the market share of Colgate in the US. However, this has long been known and is not the reason why Margaret is upset. It's the next couple of graphs that have her worried (see Figures 1.2 and 1.3).

Figure 1.2: Crest consumer base



Data source: Spaeth & Hess 1989.

Figure 1.3: Colgate consumer base



Data source: Spaeth & Hess 1989.

These charts decompose the sales volume of each rival brand according to the recent repeat-buying behaviour of their consumers.

The percentage of Colgate's sales that came from loyal customers is almost half that of Crest's loyals ('loyals' being people who bought the brand for the majority of their toothpaste purchasing during the analysis period). Colgate's sales come much more from 'switchers' – people who bought Colgate at least once in the analysis period, although most of their buying was of other brands.

Table 2.3: Double Jeopardy Law – shampoo UK

Double Jeopardy Law - shampoo (UK 2010)			
Shampoo brands	**Market Share (%)**	**Annual market penetration (%)**	**Purchase frequency (average)**
Head & Shoulders	11	23	1.9
Pantene	9	19	1.8
Herbal Essences	8	18	1.7
Dove	5	10	1.7
L'Oreal Elvive	2	4	1.6
Sunsilk	2	4	1.5
Vosene	2	4	1.6
Average			**1.7**

Note: Smaller UK shampoo brands suffer from only slightly lower loyalty.

Source: Kantar Worldpanel.

In 2010, Head &Shoulders was bought by more than four times as many buyers as bought Vosene. This much larger customer base largely explains why Head & Shoulders had five times the sales of Vosene. Another small contributing factor is that buyers of Head & Shoulders were more loyal, buying it 0.3 times more often per annum.

Data from Nielsen shows that the US shampoo category exhibits the same pattern. Different brands, different market shares, different consumers, different time period, different consumer panel and analysts – but the same familiar double jeopardy pattern. Later we'll discuss why this occurs and what the loyalty implications are, but for now let's continue to focus on the implications of this scientific law for brand growth.

Table 2.4: Double Jeopardy Law – shampoo US

Double Jeopardy Law - shampoo (USA 2005)			
Shampoo brands	**Market share (%)**	**Annual market penetration (%)**	**Purchase frequency (average)**
Suave Naturals	12	19	2
Pantene Pro-V	10	16	1.9
Alberto V05	6	11	1.6
Garnier Fructis	5	9	1.7
Dove	4	8	1.5
Finesse	1	2	1.4
Average			**1.7**

Note: Smaller US shampoo brands suffer from only slightly lower loyalty.

Source: Nielsen.

Snapshots of market share shifts over time (in the US, Canada and UK) also show double jeopardy: brands grow primarily by increasing their market penetration (Anschuetz 2002; Baldinger, Blair & Echambadi, 2002; Stern & Ehrenberg 2003). Shorter-term dynamic analysis by Andrew Ehrenberg and

Chapter12:
Mental and Physical Availability

Byron Sharp

The key marketing task is to make a brand always easy to buy for every buyer; this requires building mental and physical availability. Everything else is secondary. Brands largely compete in terms of physical and mental (brand salience) availability. Even product innovation largely works, when it works, through enhancing mental availability and gaining further distribution. Building mental availability requires reach, distinctiveness (clear branding) and consistency. The brand is seen/noticed, recognised and recalled more often. Building physical availability requires breadth and depth of distribution in space and in time. Together, mental and physical availability make a brand easier to buy for more people, in more situations.

A new theory of competition for sales

We have a collection of scientific laws of marketing – law-like patterns that hold very widely and under known conditions (see the complete list of marketing laws on pages vii-viii). These laws can be used to predict and explain marketing patterns, but it would also be useful to have a theory that could weave these laws into a memorable, overarching story that can guide our marketing strategy.

Table 12.1: The new consumer behavior model

Consumer Behavior						
Past World View	Attitude Drives Behavior	Brand Loyals	Brand Switchers	Deeply Committed Buyers	Involvement	Rational Involved Viewers
New World View	Behavior Drives Attitude	Loyal Switchers	Loyal Switchers	Uncaring Cognitive Misers	Heuristics	Emotional Distracted Viewers

Table 12.2: The new brand performance model

Brand Performance						
Past World View	Growth Through Targeting Brand Loyals	Unpredictable Confusing Brand Metrics	Price Promotions Win New	Target Marketing	We Compete on Positioning	Differentiation

			Customers			
New World View	Growth Through Penetration	Predictable Meaningful Brand Metrics	Price Promotions Existing Loyal Customers	Sophisticated Mass Marketing	Heuristics	Distinctiveness

Table 12.3: The new advertising model

Advertising						
Past World View	Positioning	Message Comprehension	Unique Selling Propositions	Persuasion	Teaching	Campaign Bursts
New World View	Salience	Getting Noticed, Emotional Response	Relevant Associations	Refreshing & Building Memory Structures	Reaching	Continuos Presence

This theory has to be a new replacement for the twentieth century Kotlerian view of marketing. According to Kotler, competition for sales is about creating differentiated brands that carve off sections of market share by addressing the heterogeneity between consumers. Thus, competing brands sell to different types of consumers; brands have substantially different images; and brand loyalty varies considerably. This view also holds that many brands are niche brands; and that considerable growth is possible by becoming even more niche and selling more to a brand's most loyal customers.

This worldview was partly responsible for the very large (and low return) investments in loyalty programs and customer relationship management (CRM) that occurred towards the end of the twentieth century. [81] On a less visible level, this worldview was also responsible for millions of misguided and productivity-sapping marketing plans. Some marketers got lucky and succeeded in spite of their plan [82], through implementation 'mistakes' or from competitors getting it even more wrong. But many misplaced plans did their bit to erode their brand's customer franchise.

However, this twentieth century view of marketing is not completely wrong. It just describes a limited part of the competition for sales. It more aptly describes the competition between product categories than the competition between brands within a category (yet, even in this case it is often an exaggeration). The Kotlerian view doesn't fit the facts of branded competition; it fails the most basic test of scientific theories: it does not lead to empirical laws. In some cases, it even clashes with these empirical laws (i.e. it predicts different patterns). For example, strong differentiation and differences in brand user profiles would destroy the laws of double jeopardy and duplication of purchase. Yet in the real world we find only minor deviations from these laws. The Kotlerian worldview is not the opposite of reality, but it is a very poor representation of it. It's similar to the view that the world is flat – it isn't, though there are flat-ish parts (much of Australia, for instance).