



Promotions are an effective way of boosting sales, right?

Of course, shoppers always want promotions. But will promotions **drive incremental purchase** or could they simply lead to **lost profit**? It depends.

Promotions can be an effective tool when used in the right way and for the right categories, but not all promotions will have the same impact.

In this issue of Monthly Metrics:

- Learn about the nuance of shopper response from our **mini case study** on Speciality Wrapped Bread
- Find the **optimal promotional strategy in your category** using our Promo-Matrix

3 shopper perspectives that help you optimize your promotion strategy

1. Is your category **Planned** or **Impulse**? When & how you should communicate depends a lot on impulsivity.
2. **Promotional Response**: Do promos lead to incremental sales in your category, or are they leading to lost profits e.g. shoppers stocking during promotions.
3. **Promotional Matrix**: Determining the role of promotions for your category compared to other categories in the store

1. When & how should you communicate promotions?

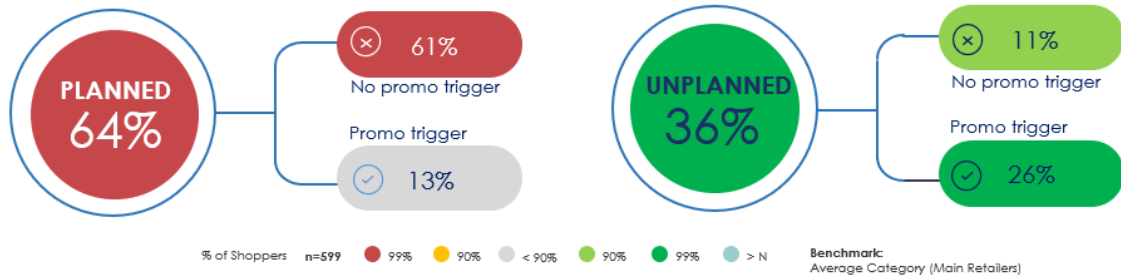
Start with understanding how planned or impulsive your category is.

A heavily **planned category** would likely need above the line (**ATL**) pre-store communication, be it via catalogues, magazines, internet etc. In-store marketing might remind of the occasion.

A less planned and therefore more **impulsive category** would be better served with **in-store communications** and theatre to inspire and trigger the buying mindset. Needless to say, impulsive categories will need to work harder to disrupt the shopper journey!

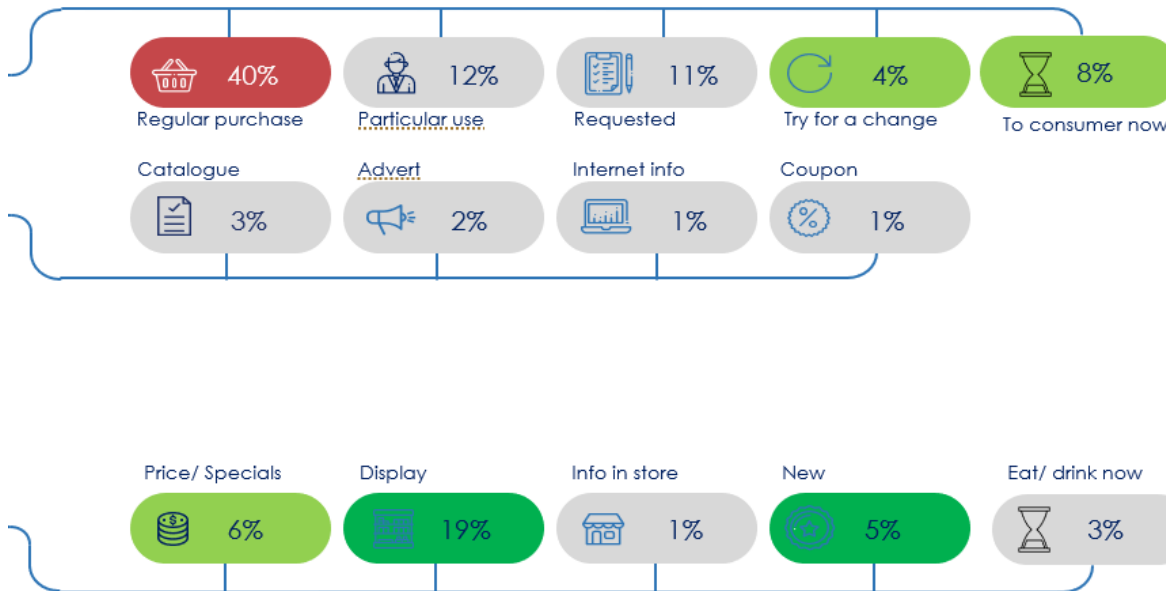
We'll use **Speciality Wrapped Bread** as our **case study**. (2020 UK data, based on n=600 category shoppers. Red and yellow indicate below average, green indicate above average scores, vs the average of 165 FMCG categories).

Speciality Wrapped Bread



Specialty Wrapped Bread is a **highly unplanned** category: 36% of shoppers (green = above the store average) buy it on impulse and it responds well to in-store promotions. We can then break down the purchase triggers further to understand the **type of promotions that are most effective**:

Speciality Wrapped Bread



In Specialty Wrapped Bread, most impulse purchases are triggered by display ("There was a display in the store" or "It caught my eye on the shelf").

2. What is the most likely promotional response for your category?

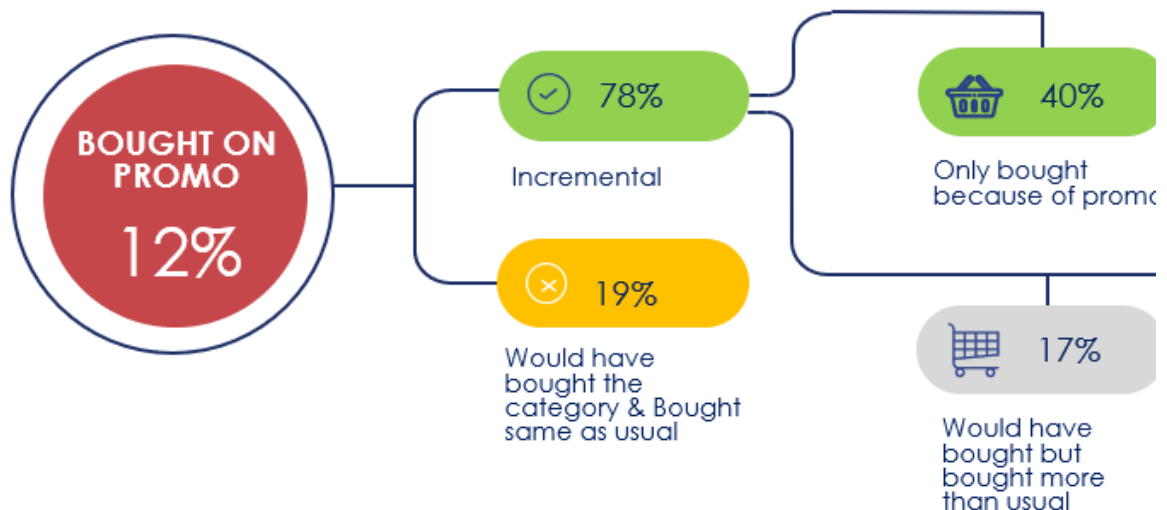
Retailers will in almost every instance **push suppliers for better prices** and as part of this negotiation, promotions will play a role.

We may see promotions as an essential element to winning with the retailer but **if the promotion doesn't drive overall category growth, nobody wins.**

By understanding the incrementality of promotions for your category you can **help steer your retailer discussions towards the strategy that works best for you and them.** We want to be sure that any promotions are incremental to the category. Otherwise, it's money down the drain!

Let's continue the example of Speciality Wrapped Bread:

Promotional Response



Specialty Wrapped Bread is less likely than the average category to be bought on promotion, but when it is, it is very **likely to be incremental**. Most of the incremental shoppers **only buying the category because of promo**, the rest buying more than usual.

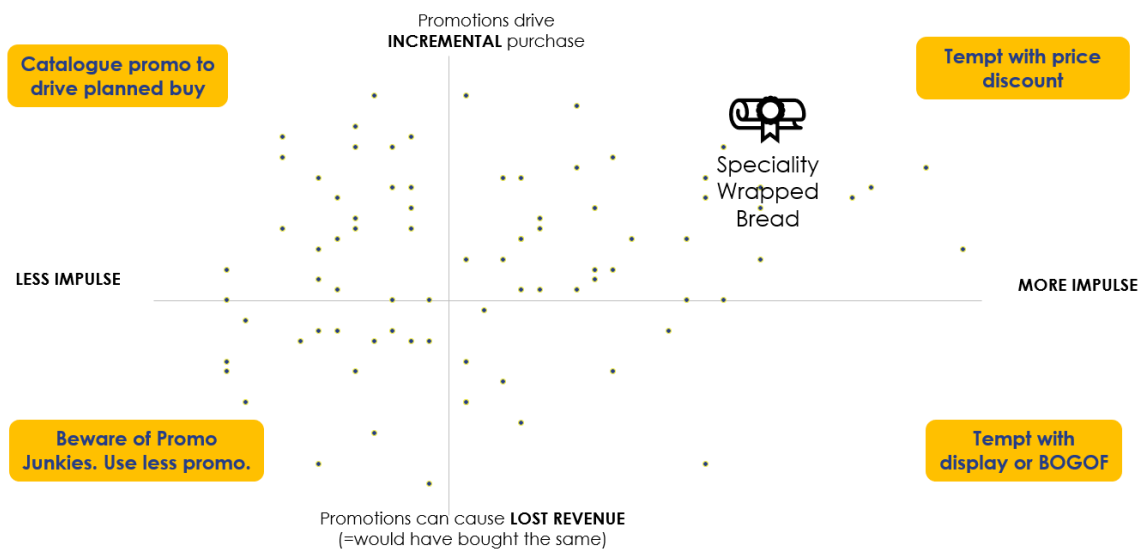
What does that mean for you? **Promotions can be a good tool to attract trialists of the category**. Taylor your promotional message to this target audience and you're on the way to growing the category.

3. What is the role of promotions in your category?

How **intensive** should your promo strategy be? Should you use **catalogues, in-store price discounts, BOGOF/multibuy or displays**?

You can use our **Promo Matrix** to determine the best approach to promotions for your category. You can see every category in the store (each dot is one category) and can use this internally, and with retailers understand which promotions work on which categories.

Different categories react differently to promotions



Speciality Wrapped bread is both more impulsive and more incremental than the average category. As a result, price discount in-store will probably be an effective strategy.

These are just a few metrics from our toolkit that can help **drive more shopper centric category management** and **elevate discussions with your buyer**. Of course, there's lots more we'd suggest you explore from our data set to build this story further!

For other topics, download our previous Monthly Metrics issues from our website:

- Monthly Metrics 1: [Traffic Drivers and Spend Drivers](#)
- Monthly Metrics 2: [Shopping Mode \(Grab'N'Go or Browse\)](#)
- Monthly Metrics 3: [Shopping Mission](#)
- Monthly Metrics 4: [Planned versus Unplanned](#)
- Monthly Metrics 5: [Shopper Decision Hierarchy](#)
- Monthly Metrics 6: [Measuring Performance](#)
- Monthly Metrics 7: [Understanding Category Impact](#)
- Monthly Metrics 8: [Catering to the occasion](#)

