

LEVERAGING CONSUMER PACKAGED GOODS STRENGTHS

A BRAND POINT MANAGEMENT PERSPECTIVE

EXECUTIVE SUMMARY

It's a demanding world for consumer packaged goods companies (CPGs) and fast moving consumer goods (FMCGs). Tremendous challenges are everywhere in the world marketplace, and while many of these affect all businesses equally, many confront CPGs/FMCGs specifically. CPGs/FMCGs must understand the changing marketplace, master current and new channels and bring their business practices to new levels of efficiency and effectiveness.

This applies to every facet of their operations, and certainly to the creation and deployment of brand experiences. Packaging, promotions and advertising materials – these are the “touchpoints” where the shopper's experience must be compelling and consistent globally for the brand to prosper.

Once the brand idea has been established, the process of activating it across consumer environments is complex and requires tight integration of expertise and resources

from design strategy through execution to create brand experiences that are relevant, compelling and consistent – worldwide. When this happens, consumers develop the strongest affinity for a brand. Schawk believes that leveraging brand point management is the best way to ensure that brand experiences, at crucial consumer touchpoints, convert shoppers to buyers and drive a great share of basket and market for CPGs/FMCGs.

Schawk's conception of brand point management for CPGs/FMCGs integrates and streamlines the complex processes that carry the brand idea from design strategy all the way through to print management. The result is efficiency, agility and cost savings, quality and consistency of materials, and confidence that a brand's promise is fulfilled wherever the brand interacts with consumers. This paper explains the many benefits of brand point management for CPGs/FMCGs.

INHERENT STRENGTHS OF CPGs/FMCGs

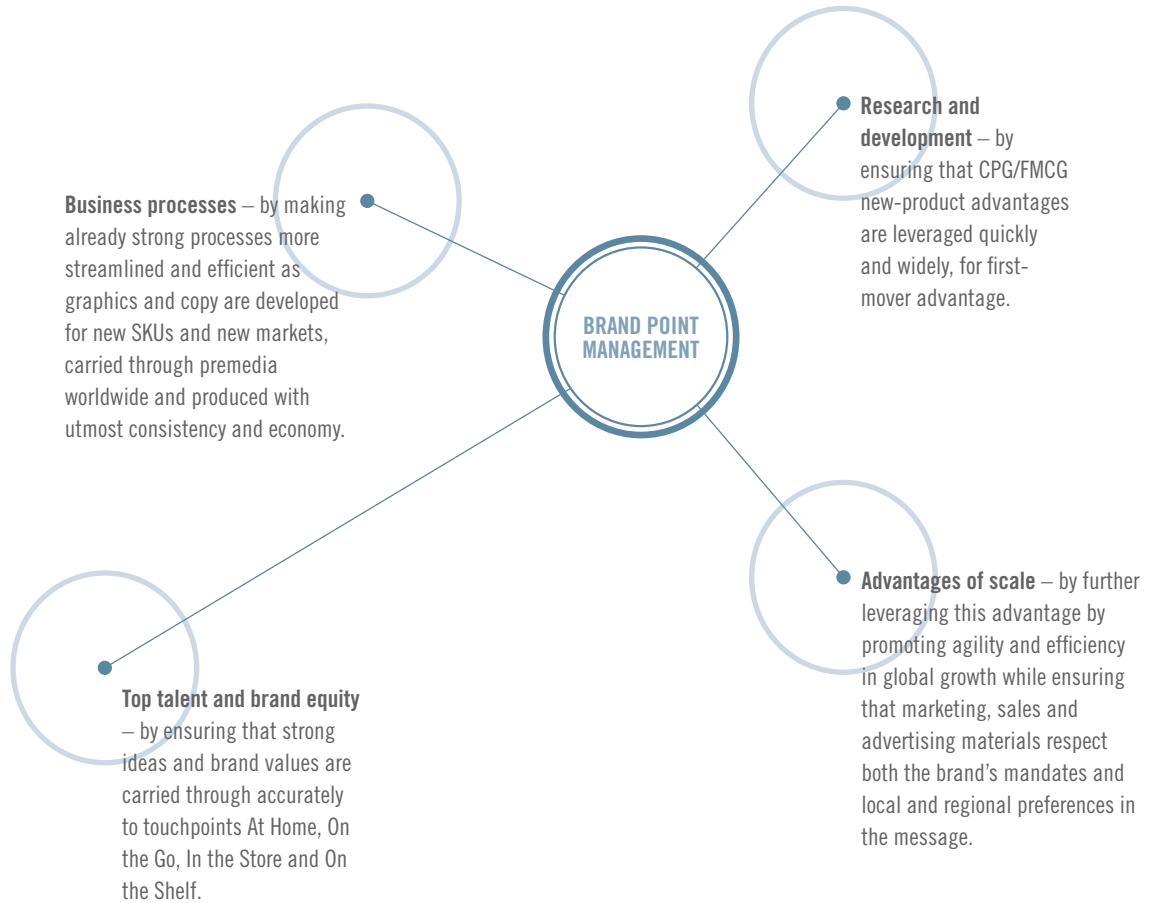
The rise of retail brands is a very recent phenomenon; for many decades, packaged-goods brands have controlled the marketplace – and they still command strong majority shares in most categories. There are reasons for this enduring superiority, reasons that explain why the future is bright for CPG/FMCG brands when their strengths are focused to deliver compelling and consistent brand experiences across all brand touchpoints.

CPGs/FMCGs already tend to have strong business processes in general, starting with research and development and extending through supply chain execution and retailer relationships. They tend to have among the best available talent – evidenced by the fact that top-growing

retailers, such as Wal-Mart and Safeway – have hired top marketers away from CPGs/FMCGs to grow their house brands.

CPGs/FMCGs also have decades of built-in brand equity that can be leveraged to build an emotional bond with the consumer, and although it has been shown to have less value in “low-risk” household and food brands and more value in “higher-risk” child and pet-care brands (ICOM/ Epsilon Targeting study), and CPGs/FMCGs still have advantages of scale – a crucial benefit given that by 2020, just over a decade from now, 20 of the 50 richest cities will be in emerging markets, where CPGs/FMCGs will have a distinct first-mover advantage¹.

BRAND POINT MANAGEMENT LEVERAGES THESE INHERENT STRENGTHS:



¹ citymayors.com, March 11, 2007

But exactly what is brand point management, and how can CPGs/FMCGs benefit from it? Brand point management is the tight integration of strategy, creative, execution and technology necessary to create a brand experience. Brand point management directly promotes efficiency, agility, cost savings and a sharp focus on delivering more compelling and consistent shopper experiences with a brand by increasing the visibility, transparency and effectiveness of all participants in the process. It results in these significant benefits:

Compelling, innovative creation and activation of brand ideas through the integration of:

- Design strategy
- Package design/redesign
- In-store merchandising
- Retail marketing campaigns
- Interactive campaigns
- Original photography, retouching and CGI
- Large-format promotions

Consistency across channels and geographies through the integration of:

- Comprehensive premedia services
- Color and print management
- Post-production and localization across multiple media, including TV, radio, web and other interactive
- Brand compliance services with style guides
- Digital asset, copy management and online proofing technology



Efficiency and agility in workflows and supply chains through:

- Workflow process improvements
- Workflow management technology, KPI tracking and reporting

Collaboration with retail partners through:

- From-the-ground-up co-marketing programs devised through collaboration
- Ability to respond quickly to retailer demands for co-branded materials relating to retailer-driven promotions.

As brand point management creates advantages in these four areas, it also creates advantages across them, through the integration of people, processes and technology. This is the heart of brand point management.

TODAY'S ENVIRONMENT FOR CPGs/FMCGs

CPGs/FMCGs are concerned with multiple challenges on many fronts. All of them call on CPGs/FMCGs to do what they've always done – only better. In many cases, this requires a sharp focus on organization, integration and efficiency – cornerstones of brand point management. When these are in place, CPGs/FMCGs can also leverage their inherent marketing and creative talents and advantages of scale and experience. Let's take a closer look at the specific challenges CPGs/FMCGs face and how brand point management is the right answer to them today.

- **Reduced shelf space**, mindshare and market share due to private label growth and retailer leverage
- **Pressure to be innovative** – despite budgets – and to satisfy consumer demands for novelty, information and value
- **Pressure to be agile** to respond to rapidly changing consumer demands and distinct “profiles,” and to capitalize on first-mover advantage against quick-following brands
- **The need/opportunity for global growth** despite the marketplace complexities and economic uncertainties
- **Increasing government regulation** of consumable goods, with repercussions throughout the CPG/FMCG supply chain
- **The need for partners with targeted skills and experience**, especially who can handle larger swaths of services and execute on a global basis to allow CPGs/FMCGs to streamline their vendor base

Brand point management speaks to all of these concerns as it provides the infrastructure and resources to deliver compelling and innovative shopper experiences.

WHILE IN-HOME
SHOPPING LIST
CREATION IS UP,
SHOPPERS STILL
MAKE BRAND
DECISIONS
IN-STORE
60% OF THE TIME.

BENEFITS FOR CPGs/FMCGs

Innovation on the shelf.

As retailers grow more and more sophisticated, package design becomes even more critical to the success of a brand. Now is the time for CPGs/FMCGs to invest in packaging innovation. While today's economy is pushing CPGs/FMCGs to cut costs broadly, they are also under increased pressure to engage and inspire shoppers in the store. Brand point management is a tremendous “partner” in driving packaging innovations at a time when CPGs/FMCGs must focus their efforts “from the shelf out” – by leveraging consumer insights and strengthening presentation to capitalize on-shelf space and to deploy one of the few full-attention interactions with shoppers in a time of media fragmentation and overload. A 2009 Miller Zell study showed that while in-home shopping list creation is substantially up – at 65 percent now – shoppers are still making brand decisions in the store 60 percent of the time.²

Brand point management strengthens CPGs/FMCGs' ability to compete from the shelf out in these ways:

- By leveraging **relevant shopper and category analysis** that informs all phases of design, creation and production of new packaging and other materials.
- By facilitating **greater collaboration** between the people and processes that encompass design strategy, adaptive re-design, and the creative stages – such as photography, retouching, etc. – that affect those materials.
- By **increasing visibility** of these people and processes with the upstream strategic work done by the CPG/FMCG and its branding agencies. This ensures that the brand idea and its values are carried through.
- By **integrating** these people and processes with downstream executional work in premedia, print management, fulfillment, etc. This ensures that design innovations are executed as conceived with maximum impact and minimum re-work.
- By tying these processes together with **brand management technology** specifically designed to foster collaboration, insight and accountability among all departments and vendors involved in carrying branded materials from the strategic stage through the execution of printed or published materials. This promotes efficiency, agility, cost-savings and quality of product.

Consistent activation of the brand idea across channels and geographies.

From the 1950s through the '80s, consumer goods companies could quickly build share through mass marketing – a core competence for the industry. But as markets become more complex and fragmented and consumers grow more sophisticated and selective, companies have to ensure their brand messages quickly and effectively connect with their target markets.

At the same time, stores are dictating clean-floor policies, drastically limiting the impact a brand can have immediately leading up to the “moment of truth.” This means brands must influence shopper behavior prior to the store visit. And with consumers engaging brands through an estimated six channels on average today, there is ever more pressure for consistency.

Brands are also spreading over greater geographies. Their messages and values must remain consistent to ensure effectiveness and avoid confusion and dilution.

Inconsistent brand experiences don't just dampen consumer passion – they're also inefficient and expensive. Inconsistency also can erode consumer trust in the brand, especially in parts of the world where brand counterfeiting is very active.

Inconsistency is the result of processes in which design and copy are poorly defined, assets are re-worked unnecessarily and incorrectly, and standards of color and material are unknown or ignored. Brand point management promotes the integration of premedia, color and print management, and ensures that these carry out the mandates of strategy and creative through superior communication and cohesive execution. Brand compliance services are a key element of this, and brand management technology plays a vital role, including digital asset and copy management and online proofing technology.

Finally, selecting vendors who can carry out this discipline and integration across many capabilities and geographies not only promotes consistency but it saves time and money.

2 “Gone In 2.3 Seconds,” Miller Zell study, 2009.

RETAILERS HAVE TAKEN GREATER CONTROL OF THEIR SHELVES AND FLOOR SPACE AND ARE FILLING THOSE SHELVES WITH MORE OF THEIR OWN PRODUCTS, SO CPGs/FMCGs MUST BE PREPARED TO COLLABORATE TODAY.

A more efficient and agile marketing supply chain.

With increasing competition from foreign counterparts and from retail brands, CPGs/FMCGs need to tightly control costs to maintain margins. To deliver compelling and consistent brand experiences across multiple channels and wide geographies with efficiency and agility, marketing workflows and strategic partner supply chains must be optimized – there is no other choice. Brand management technology is crucial for optimizing the processes that create and deploy branded materials, processes that encompass in-house work and the work of vendors all along the supply chain.

Brand management technology is a specific category of software and services that include workflow analysis and technology, digital asset and copy management, on-screen proofing, KPI reporting and more. It interfaces seamlessly with CPG's/FMCG's larger enterprise systems while performing functions and tasks those systems simply can't do, to bring efficiency and accuracy to the creation and deployment of branded materials. CPGs/FMCGs worldwide are discovering that workflow improvements are surprisingly easy to implement, pay for themselves quickly and have permanent benefits.

Brand management technology has another key benefit: enabling adherence to government regulations of consumable goods, which are on the rise. For example, technologies that are certified to cGMP worldwide standards and that adhere to U.S. FDA Title 21 CFR Part 11 regulations are enormously beneficial in promoting efficiency, accuracy and confidence for CPGs/FMCGs.

Overall, these practical skills and technologies are crucial for the executional phase of branded materials. But they serve the strategic and creative stages as well. Brand point management integrates strategy, creative and execution with processes and technology that promote efficiency from the earliest stages.

Smarter collaboration with retail partners.

CPGs/FMCGs today need to interact with retailers in ways very different from ten years ago. Retailers have taken greater control of their shelves and floor space and are filling those shelves with more of their own products, so CPGs/FMCGs must be prepared to collaborate today. This includes:

- **Understanding retailer motivations** and strategies to tie into them.
- **Participating in from-the-ground-up co-marketing** programs that require collaboration at all stages, from strategy through creative and the execution of branded materials. This can be facilitated by third-party partner who has experience in both the retail and CPG/FMCG realms.
- The ability to **respond quickly to retailer demands** for co-branded materials around retailer-driven promotions. This is a matter of agility and the ability to coordinate design, execution and printing with confidence. A capable vendor or vendors who can integrate, protect brands' core equities, and provide brand management technology to quicken the workflow and ensure accuracy are crucial here.
- **Internal integration** among channel-marketing groups, customer-specific marketing, promotions and packaging. Through processes and technology, brand point management integrates these groups to produce compelling and consistent materials to respond to retailer demands and opportunities.

These functions and abilities are crucial today, but research suggests collaboration isn't optimum yet. A study has shown that both retailers and CPGs/FMCGs wish for more shopper marketing and retail strategy expertise in their partners. The study also suggests that both sides are unsatisfied with their partners' level of collaboration and skills in in-store marketing strategies.³ This points to the need for outside help in helping this collaboration function optimally, such as a vendor partner with experience in both CPGs/FMCG branding and retail strategy as they are carried through strategy, creative and execution.

3 "Bridge Over Troubled Waters: Closing the Gap Between Manufacturers and Retailers," Miller Zell study, 2009.

IN SUMMARY: HOW BRAND POINT MANAGEMENT BENEFITS CPGs/FMCGs TODAY

CPGs/FMCGs are under tremendous pressure today to innovate on products and packaging, meet consumer demands in all venues and aspects, satisfy new and increasing retailer demands, take advantage of global opportunities – and more. None of these is possible if the CPGs’/FMCGs’ brand expressions are not compelling and consistent – if they’re executed inefficiently, slowly, poorly or haphazardly in any medium, any channel or any geography.

Brand point management brings crucial quality and consistency to CPGs/FMCGs branded materials:

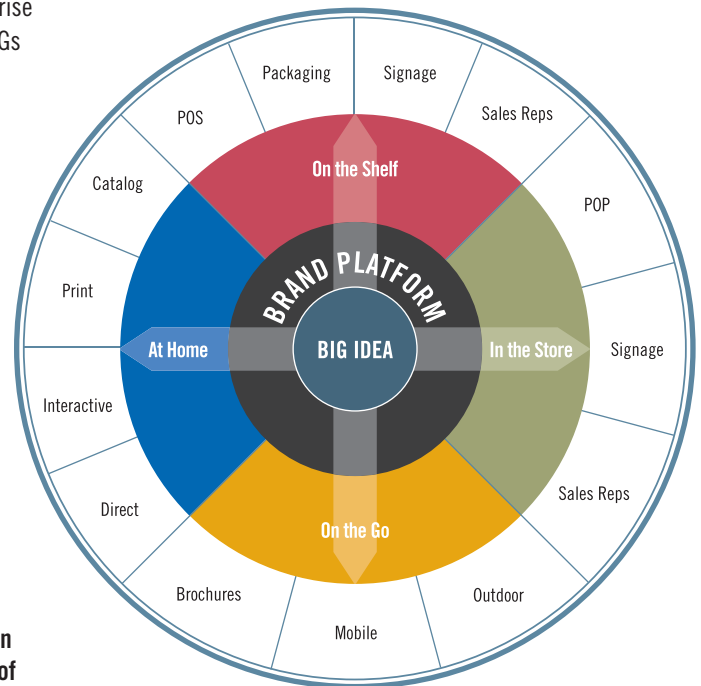
- By integrating people and processes across strategy, creative and execution
- By ensuring consistency in experiences across channels and across media
- By promoting agility, efficiency and consistency across geographies
- By leveraging brand management technology at all stages
- By facilitating crucial collaboration with retail partners

CPGs/FMCGs today are making strong efforts to shrink their vendor base, and brand point management supports this, as it is predicated on using vendors who can integrate multiple functions and geographies “under one roof.” Brand point management also promotes cost savings at every step, through the consolidation of vendors, the improvement of workflows, the elimination of re-work, etc.

CPGs/FMCGs, BRAND POINT MANAGEMENT AND SCHAWK

Schawk practices brand point management in its work for CPG/FMCG clients worldwide. Schawk’s clients comprise 63 of the Top Fortune 500 companies and CPGs/FMCGs make up the majority of that group. For more than 50 years, Schawk has been a world-class provider of premedia services and over the past two decades has broadened its range of services to include strategy, design and enterprise brand management technology. The result is that Schawk delivers brand point management services that allow CPGs/FMCGs to confidently approach the challenges of a new world marketplace. Schawk defines brand point management this way:

The strengthening of a brand through the delivery of compelling and consistent brand experiences that create greater affinity between consumer and brand. Brand point management touches all phases of a product’s life – from ideation to design to market implementation – because all phases contribute to the continuum of interaction between that consumer and the brand.



Through its delivery of brand point management, Schawk enables CPGs/FMCGs to express their brand ideas across multiple shopper environments and in multiple formats and media.

SCHAWK!™

Schawk, Inc., (NYSE:SGK), is a leading provider of brand point management services, enabling companies of all sizes to connect their brands with consumers to create deeper brand affinity. With a global footprint of more than 48 offices, Schawk helps companies create compelling and consistent brand experiences by providing integrated strategic, creative and executional services across brand touchpoints. Founded in 1953, Schawk is trusted by many of the world's leading organizations to help them achieve global brand consistency. For more information about Schawk, visit <http://www.schawk.com>.

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