

Consumer Packaged Goods (CPG) Food Manufacturer

CPG Manufacturer: E-newsletter Subscriber Value Propels Brand Revenue

Summary: A worldwide CPG food manufacturer turns to M Squared Group to monetize the value of its consumer e-newsletter efforts, increase subscriber participation rates and drive increased share of wallet.

Overview of the CPG Industry

The Consumer Packaged Goods (CPG) industry consists of products that have relatively quick turnover rates and low to moderate prices, traditionally sold in grocery stores, mass merchandisers and club stores.

CPG manufacturers and retailers are becoming increasingly entwined in their efforts to inte-

grate products and services to meet the changing needs of a diversifying consumer audience while growing net sales and profitability. The convergence of digital technologies is enabling CPG manufacturers and retailers to utilize data in new ways to address these increasingly complex consumers.

"The boundaries between retail and CPG manufacturing are blurring. Some in the industry are developing a total experience for their consumers and forging partnerships with companies outside their core business."

Lisa Dugal, Partner PricewaterhouseCoopers, CPG Industry Report

Situation: Pressure to Grow Brand Awareness and Validate Marketing Spend

A global CPG manufacturer had developed an e-newsletter to maintain contact and build brand awareness with consumers. The CPG manufacturer assumed the e-newsletter subscribers were heavier users of their brands since the e-newsletter primarily offered brand coupons and recipes. However, the e-newsletter was considered a cost-center within the organization because the monetary value of the e-newsletter subscribers, and therefore the e-newsletter itself, was not clear.

The CPG manufacturer's interactive marketing department understood that the positioning of the e-newsletter within the total marketing mix was understated. They also knew that a consumer's participation rate in the e-newsletters typically declined after the initial sign-up. Additionally, there was a percentage of "inactive users" who subscribed but never opened any e-newsletters at all or gradually stopped using the e-newsletters over time. As the CPG manufacturer's e-newsletter marketing continued to evolve, a more concrete estimate of an e-newsletter subscriber's value became necessary.

Consumer Packaged Goods (CPG) Food Manufacturer

Solutions: Monetizing the Value of E-Newsletter Subscribers

M Squared Group (MSG) quickly developed a plan to address the CPG manufacturer's issue during a preliminary marketing planning session. MSG was able to move aggressively because of its extensive experience within the CPG industry and its ability to apply database-marketing solutions to the situation from another industry - online catalog marketing.

"We were able to rapidly develop a solution by applying best practices in database marketing from a completely different industry" said Managing Partner Mark Price. MSG matched e-newsletter subscribers with an outside consumer panel supplier to identify the average monetary value of active groups of subscribers. Then MSG applied database marketing approaches developed for the e-commerce industry to demonstrate how the CPG manufacturer could manage and increase the value of e-newsletter subscribers for the company. MSG validated that the most active users of the e-newsletter were the most loyal users of the company's brands.

Specifically, MSG's analysis revealed that consumer usage of the company's brands increased after subscribing and maintaining active participation with the e-newsletter. Therefore, efforts to retain subscribers would have a monetary value that could be measured and evaluated. Because of this analysis, the e-newsletter was no longer viewed merely as a cost-center within the CPG manufacturer's marketing mix but was now seen as an interactive marketing revenue-driver.

Results: Validating the Value and Impact of Interactive Marketing

As a result of the insights revealed, senior marketing management at the CPG manufacturer expanded their investment in the e-newsletter and interactive marketing overall. In fact, the impact of the e-newsletter in developing brand awareness and usage was so significant that the company quadrupled the quantity of the e-newsletter mailing to consumers and set their targets on building a base in excess of 5 million subscribers.

Success Factors: Industry Experience, Creative Expertise

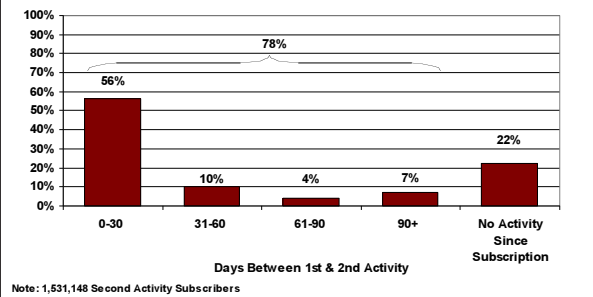
The CPG manufacturer identified several factors they felt contributed to the successful engagement with MSG. These factors are foundational principals of MSG's philosophy of work and have also been identified by other MSG clients.

- Industry experience: MSG principals have over 40 years of CPG industry experience allowing them to bypass the learning curve and quickly provide concrete solutions.

- Innovation and expertise: MSG leveraged its knowledge of database marketing "best practices" across industries. Utilizing their deep database

marketing expertise as a springboard, MSG was able to think far "outside the box" to apply innovative methods to solve the CPG manufacturer's issue from a new perspective.

Analysis of Time Until 2nd Newsletter Opening



"Because M Squared Group has significant experience in the CPG industry, they had the basis to look for solutions from way outside of the box – in this case, from a completely separate industry."

Director, Interactive Marketing

"By applying the online catalog model to the analysis of the CPG manufacturer's subscriber data we were able to show the CPG manufacturer how they could increase the monetary value of these subscribers."

Mark Price, Managing Partner, MSG