

Super Bowl 2011

Pre-game promotional strategies

No matter how fierce the competition is, fans and players alike bring their best to cheer on or play in the game of a lifetime. As sports rivalries ensue, so does the strong competition among retailers and manufacturers, particularly in securing a piece of the Super Bowl action. Whether fans are rooting for the favorite or the underdog, they make a determination to show support for one of the opposing teams. Their loyalty is also tested when it comes to planning Super Bowl parties. Which retailers will they choose to visit and which brands will win them over? Americans take pride in this annual event and look forward to creating a memorable day with family and friends.

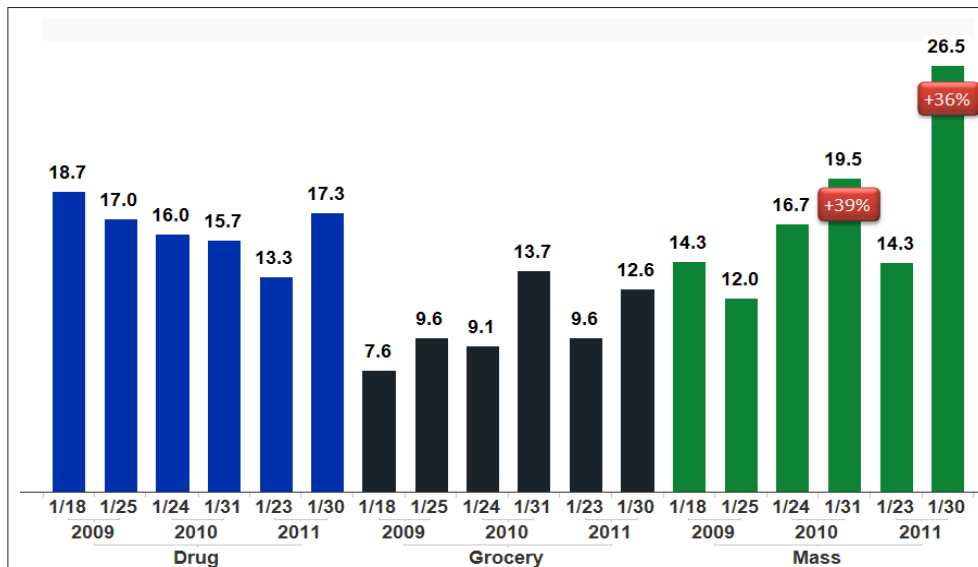


Figure 1: Average Circular Pages per Retailer

The Super Bowl was expected to draw 110 million viewers in 2011¹, with an anticipated \$10 billion in Super Bowl related spending². While over 100 million viewers were expected, only an estimated 12 million planned to watch from a restaurant or bar.² Considering this is primarily an at home party event, it is critical for retailers to convey messages and provide solutions around in-home entertaining. The average Super Bowl party host was predicted to spend \$118 on food, beverages and other Super Bowl related items.³ This year's game day challenge: *How did advertisers effectively promote key categories in an increasingly competitive retail environment?* As retailers aimed to capture consumers' dollars with similar product offerings, this Market Track Perspective takes a look at the ways promotional strategies are changing to help retailers and CPG manufacturers win big in key Super Bowl categories.

Target started 2011 with a very strong position by releasing 10 page mid-week circulars across many markets focused exclusively on grocery. Similarly, all mass merchants have exemplified this behavior, as seen when looking at total circular pages. Mass merchants have shown the strongest increase in number of pages year on year, in both 2010 and 2011 (Figure 1). In both years, Mass merchants

In This Article...

Market Track takes a look at promotional observations across the promotional landscape leading up to the Super Bowl and how retailers maneuvered the various contributing factors to performance:

- The emergence of Target's midweek grocery-specific drop
- The increase/decrease of share of voice for key categories including beer, salty snacks, and dairy
- The increase of the mass channel's focus on grocery items around this time period
- A review of TV set pricing/exposure across this key event

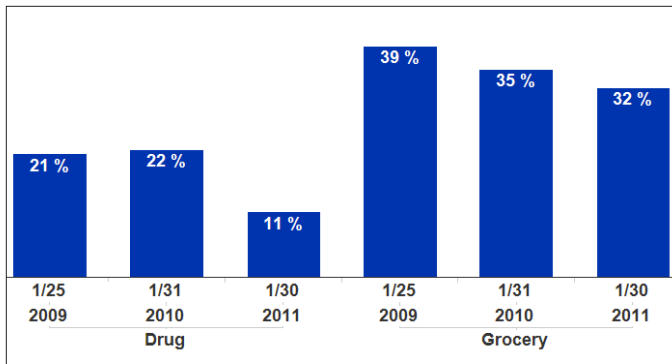


Figure 2: Front Page SOV

have increased page counts by over 30% in the week prior to the Super Bowl. In contrast, grocery retailers who inherently promote key food categories have demonstrated consistent page counts in the two weeks prior to the Super Bowl in both 2010 and 2011. Most notable, however is the fact that Drug retailers have not

Drug stores dropped the SOV on the Front Page dedicated to Super Bowl categories by 50% in 2011.

focused on the Super Bowl as a promotional strategy in their circulars. It is surprising that the drug class of trade has not concentrated on promoting around the Super Bowl as they provide a convenience factor and offer a sufficient selection of beer and Salty Snacks. By focusing on the “last minute” or convenience factor, Drug retailers can attempt to mitigate foot traffic lost to Grocery and Mass when shopping for Super Bowl needs.

Proving once again, that the Super Bowl is not an area of focus for Drug retailers, we see evidence of this when looking at changes in Front Page promotional activity. Here we see that on average, Drug stores dropped the share of voice (SOV) on the Front Page dedicated to Super Bowl categories by 50% in 2011 (Figure 2). Grocery retailers have also been reducing front page space allocation to Super Bowl categories, though not as significantly as Drug. Is it possible that Grocery retailers are unaware of just how strongly Mass Merchants are promoting Super Bowl categories? Grocery retailers should consider this when beginning to plan for Super Bowl 2012. It would seem that Grocery retailers should hold a dominant position when it comes to this event due to their extensive product selection and assortment.

When looking at Front Page SOV for

Mass merchants, Kmart promoted 22 Super Bowl items on the front page in 2011, while Walmart took a more thematic approach, featuring only 2 items in 2010 and 5 in 2011 with all of the items dedicated to the event. Target falls in between with 8 items on its front page with half of them dedicated to the big game. Market Track believes that promoting a more focused view on the front page helps consumers avoid confusion from too many choices and delivers a clear message on how to win big for their Super Bowl parties.



Figure 3: Front Page SOV

As always, Grocers count on the Super Bowl to drive foot traffic to stores. However, their approach to promoting this event varies greatly amongst retailers. Additionally, we see some variances in year over year front page promotional activity within retailers (Figure 4).

On one extreme Hannaford (a Delhaize banner), dedicated its entire front page to Super Bowl categories in 2011, up from 67% two years ago. Most other grocers allocate about 40% in 2011 with the biggest changes happening at Weis, growing from 41% in 2010 to 57% in 2011, and Safeway which for 2011 allocated 37% of its Front Page. For Safeway, this is down from the 58% allocated in 2010 and 48% allocated in 2009.

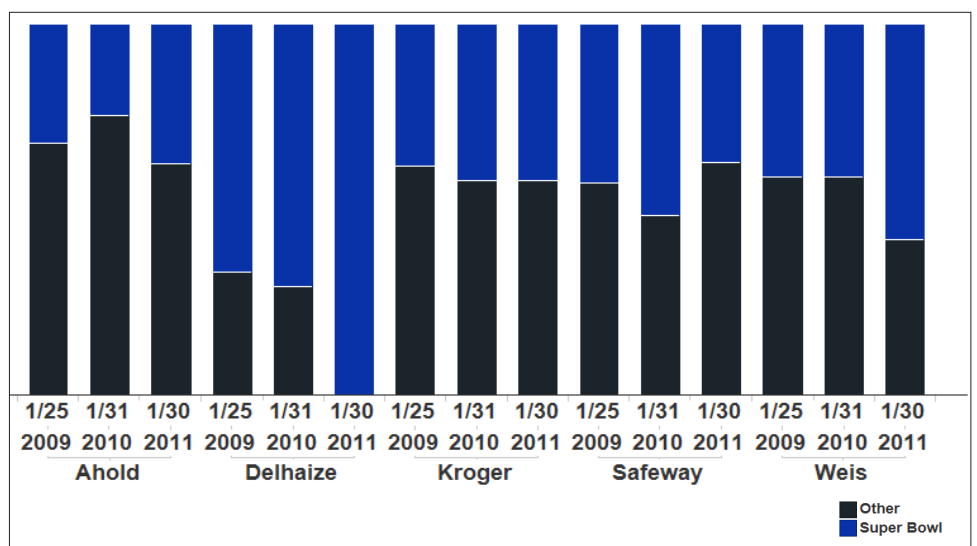


Figure 4: Front Page SOV

¹Adweek, ²The Retail Advertising and Marketing Association's 2011 Super Bowl Consumer Intentions and Actions Survey, ³2011 Visa Super Bowl Spending Survey

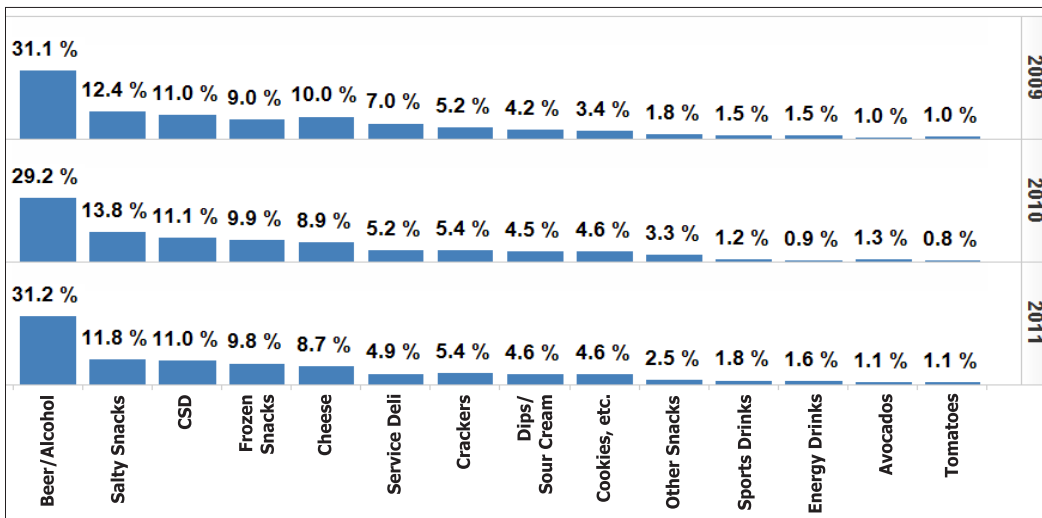


Figure 5: Market Track Value Index Share of Voice

Category Overview

As we begin to examine shifts in category promotions, we will first take a look at changes in Ad count share of voice (SOV). It's no surprise that Beer/Alcohol represented the highest ad count share of voice in 2009, 2010 and 2011, increasing to 30.6% in 2011. While Beer/Alcohol has grown, Salty Snacks have remained relatively steady year over year in terms of share of voice. In contrast, categories that experienced declines in Ad count share of voice are Cheese and Service Deli. When looking at the MT Value Index SOV, Beer demonstrated a big jump in SOV, while Service Deli decreased by 110 basis points from 2009 to 2011 (Figure 5).

Beer

Taking a closer look at the Beer category, Miller Coors is the leader in terms of Ad count SOV; however their percentage SOV has decreased from 2009 with 30.6% SOV in 2011, compared to 31.8% in 2010. Conversely, Heineken USA has shown increased percentage share of voice year on year for the past three years

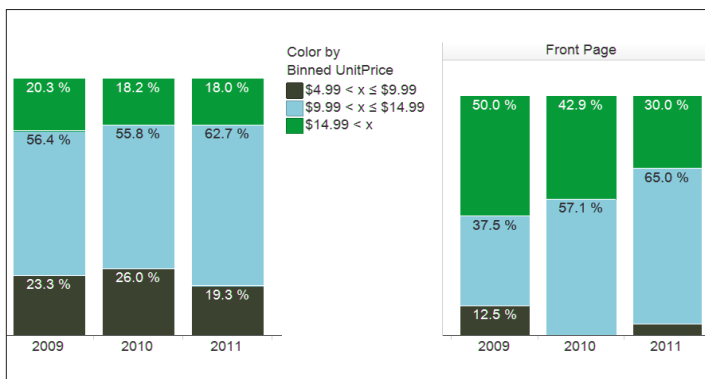


Figure 6: Beer--Price Point Comparison

Market Track's Value Index

All ads are not created equal. The effectiveness of an ad depends on many common factors that are marginalized when simple ad counts are used in analysis. Market Track's Value Index accounts for these key attributes that affect the impact of an ad. Contact Market Track today to learn more on how share of voice based on the MT Value Index has helped its clients across many different industries.

with 10.7% in 2009, 11.6% in 2010 and 12.6% in 2011. Grupo Modelo's Ad count share of voice decreased from 9.1% in 2009 to 7.9% in 2010, however it was back up again in 2011 with 8.3% Ad count share of voice. Heineken had a slight increase in Ad Count SOV, and resulted in gaining greater leverage as denoted by their MT Value Index SOV.

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The 2011 increases in share of voice by Grupo Modelo and Heineken reflects an overarching trend of promoting beer with a price point of between \$10 and \$15 at the expense of beer priced at below \$10. In 2009 across all pages, 23.3% of the beer ads were priced less than \$10. This year that percentage dropped to 19.3%. Conversely

beer priced between \$10 and \$15 rose 630 basis points. When examining the promoted price of beer on the front page, the change is even more significant. In 2011, \$10-\$15 beer accounted for almost two-thirds of the ads (Figure 6). While this is a combination of both package size and brand, it demonstrates that retailers are counting on consumers having more disposable income to spend on their Super Bowl celebration. Like the increases that were seen in Jewelry and other high end goods called out in the Holiday Shopping Season Perspective, is this another sign that the economy is strengthening?

Salty Snacks

When looking at Salty Snacks, while the category as a whole remained steady compared to prior year's promotional activity,

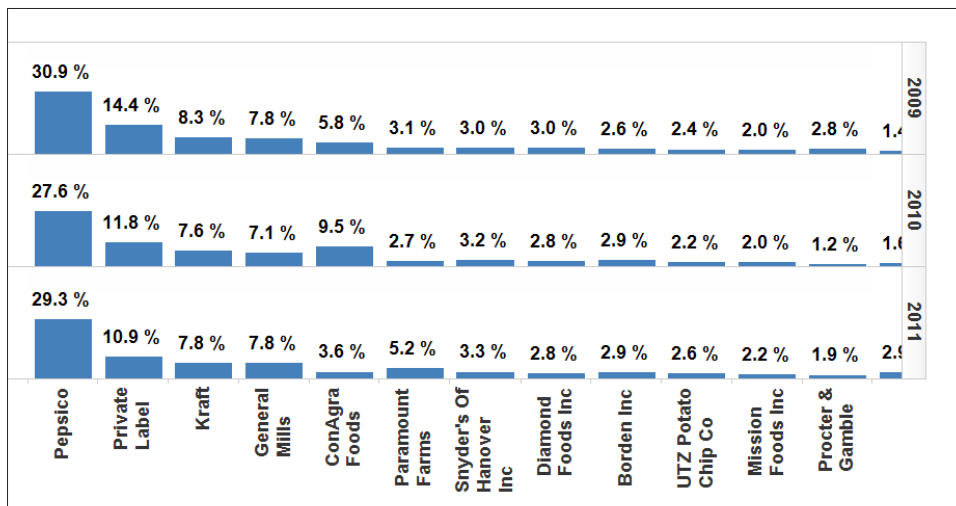


Figure 7: Ad Count Share of Voice (Salty Snacks)

there are some notable nuances among manufacturers' share of voice. ConAgra Foods experienced the largest decline in Ad counts SOV, dropping from 9.5% in 2010 to 3.6% in 2011. In contrast, Paramount Farms which represented only 2.7% Ad count SOV in 2010 strengthened its presence with 5.2% ad count SOV in 2011 (Figure 7). Additional observations in this category from the MT Value Index SOV perspective show shifts in activity for Kraft and General Mills. Kraft experienced a drop of 90 basis point from 2009 to 2010 with an increase of 100 basis points in 2011. General Mills on the other hand, decreased MT Value Index SOV by 460 basis points from 2009 to 2010, and then increased by 290 basis points in 2011.

Cheese

The cheese category experienced declines in ad count share of voice year on year for all 3 years in the review period. Kraft represents that largest Ad count share of voice in this category, though the company experienced a slight decline in share of voice in 2011. The Sargento Food Company shows the most extreme decline in both Ad count and MT Value Index share of voice. When looking at Ad count share of voice, Sargento Foods decreased from 8.3% in 2010 to 2.4% in 2011, while the MT Value Index SOV shows a decline of 640 basis points over the same period. It appears that retailers are focusing on category leaders (Kraft) and Private label at the expense of other manufacturers.

Consumer Electronics

Outside of the Holiday Shopping Season, the Super Bowl promotional period is the second most important time for TV promotions. In 2011, TV share of voice within the electronics promotions dropped 330 basis points to a 38.9% share of voice within electronics promotions. This mirrors a 420 basis point drop that TVs saw during the 2010 Holiday shopping season. This did not mute additional discounting that was done during this time period. On average the lowest price for identical models during the weeks leading up to the Super Bowl were 10% less than the minimum prices advertised during the Holiday Shopping Season.

About Market Track

Market Track is a market intelligence firm dedicated to increasing our customers' returns on their promotional investments. Through innovative technology and marketplace expertise, we monitor and analyze over 200 U.S. and Canadian markets for every channel of trade in order to provide retailers and manufacturers with superior tools to monitor promotional activity, support dynamic decision making and turn information into market intelligence.

A New Research Vehicle

This spring, Market Track is introducing a new element of our research offerings for our clients called Market Track Dimensions. This series will provide an industry level view of key metrics each quarter and for the full year across trade classes and major category and department groups. This will enable all of our clients to have a top level view of what is happening in the market, leveraging Market Track's entire data base.

You will note in the inaugural release in April that the research will have a different structure – focusing less on Market Track's hypothesis and insight on the period in question and more on providing a factual view of what happened in the market from a promotional and pricing point of view. As a result of the breadth of this content, these pieces will also be longer and contain more charts and data than found in our Market Track Perspectives. We hope you will find this a helpful compliment to your other Market Track services.

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