



A&M INSIGHTS

# ALCOHOLIC DRINKS: FRANCE

ARE YOU ENGAGING CONSUMERS AND DELIVERING SALES AS EFFECTIVELY AND EFFICIENTLY AS YOUR COMPETITORS?

JUNE 2018



## Introduction

“What are you doing to improve the effectiveness and efficiency of your marketing and sales spend to drive superior profitable growth?” Alvarez & Marsal’s (A&M) Commercial Spend Productivity practice (led by Koen De Staercke) combines deep commercial and operational insight and experience with powerful analytical tools, such as the Market Contact Audit® (MCA®), a tool offered by A&M analytics partner Integration, to address this question and deliver tangible, sustainable results quickly.

Having successfully applied this approach across several markets for one of the world’s most iconic beer companies (see [case study](#)), Alvarez & Marsal commissioned a high level MCA Calibration study for the Alcoholic Drinks category in France to understand how brands can win given the unique set of challenges in this market. The study covers speciality beers, whisky, vodka and rum and delivers insight into what consumers need from brands, how brands

can maximise effectiveness, and where the opportunities are to drive growth. It demonstrates the power of MCA both in relation to the Alcoholic Drinks category in particular and the Consumer Goods and Services industry more generally.

We would be happy to engage in a discussion about how this approach could be applied to your industry and tailored to provide an in-depth view of your brands and business.



## Executive summary:

The study helps businesses:

### 1 Identify opportunities for growth

The MCA Metrics show how effective brands are in:

- Engaging consumers, what are the brands' strongest assets and where are the most important opportunities for improvement?
- Converting engagement into sales, and where the brands are underperforming.

### 2 Build brand experience in a highly regulated environment

The study identifies which activities influence consumers and differentiate your brands; the most effective activities to achieve this are not the same for each category in alcoholic drinks.

### 3 Understand the role of 'digital'

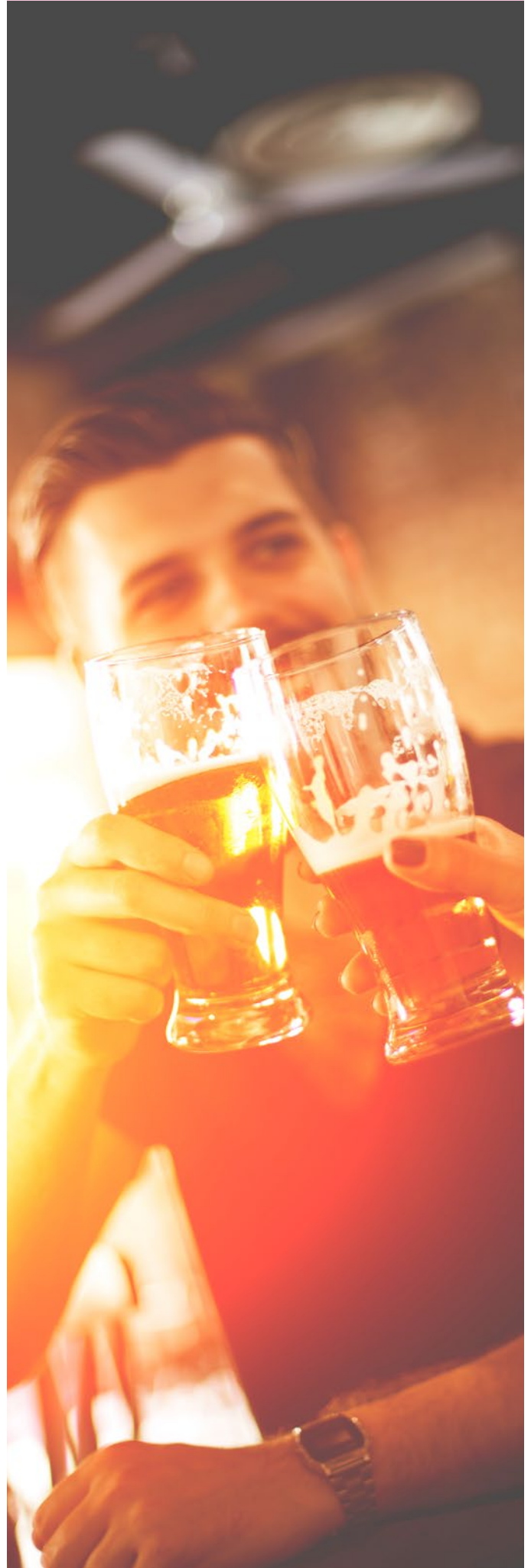
Digital contacts have a small but significant role to play in building brands and delivering sales. The study allows managers to allocate resources based on what digital can do well, and to avoid setting unrealistic expectations.

### 4 Set the right budget

Brands can set communications goals and budgets to achieve a business objective and to deliver a winning performance in specific contacts (or touchpoints).

### 5 Focus on the 'must win battles'

We can identify the contact activities that are critical to win based on a brand's business priorities and the level of activity needed to win. These activities are brand and category specific and are based on detailed analysis of current brand performance, consumer needs and competitive challenges.



# 1 Identify opportunities for growth

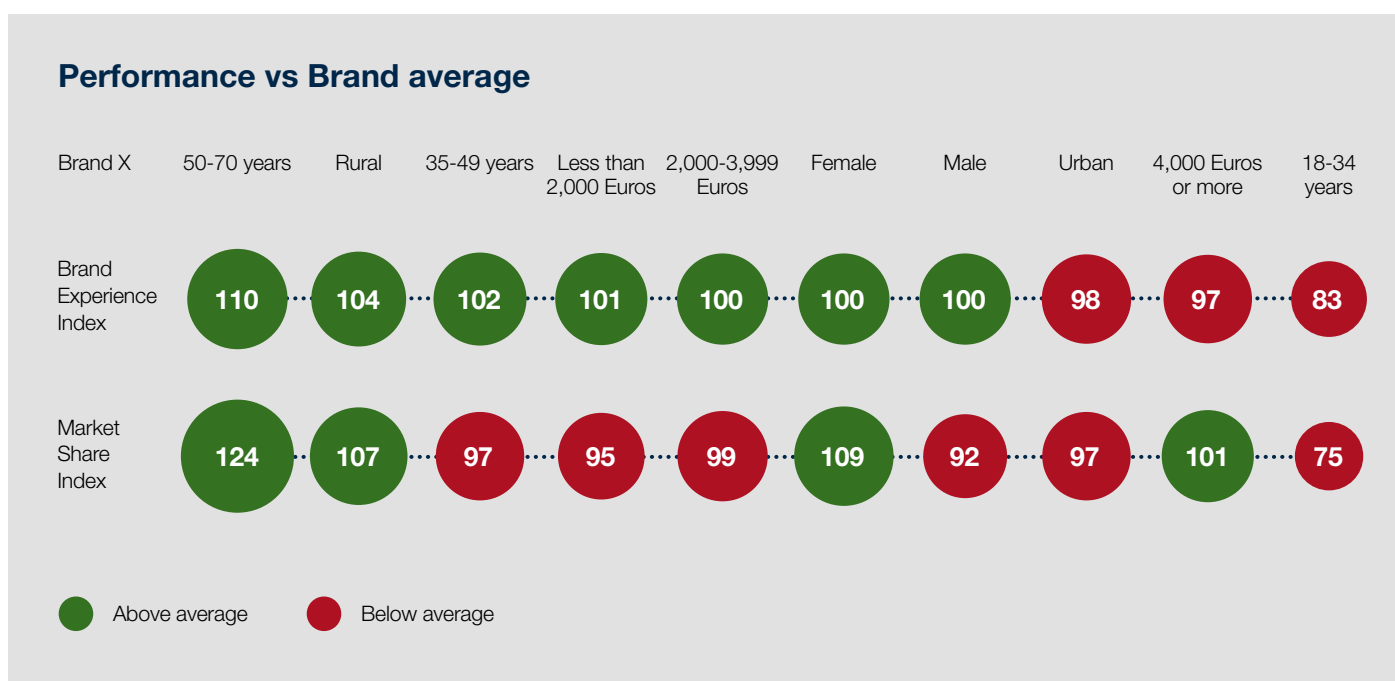
Managing marketing spend effectively means understanding how to optimise two things:

1. Communications effectiveness: engaging consumers with your brand via all their contacts (or touchpoints).
2. Sales conversion: converting engagement into sales more effectively than competitors.

The MCA data provides quantified, 'single-currency' metrics to show how your brand communication activities are performing and which consumer segments offer opportunities for improvement.

It also identifies where you are achieving strong market share performance and how you can improve in segments that are underperforming. These are actionable strategies to deliver growth.

The chart below illustrates how a successful and well-established brand (Brand X) in France identified the need to focus on improving performance among younger consumers as both communications effectiveness (Brand Experience Index) and sales conversion (Market Share Index) are much weaker among 18-34 year old consumers.



The data also showed that the fastest growing competitors in the category were out-performing Brand X with 18-34 year olds, highlighting an urgent need to fix this weakness and protect the future of the brand.

**Implication: Brands must allocate resources to tackle the important tasks, and track progress to check that actions are leading to positive results.**



## 2

## Build brand experience in a highly regulated environment

The MCA study measures the influence of 31 different contacts (ways that consumers encounter brands).

The top ten for influencing brand choice are shown in the illustration on the right. This ranking is for speciality beer drinkers using the Contact Clout Factor® (CCF®) which ranks the capacity of a contact to influence brand choice.

There are three types of contacts with very high influence:

- Recommendations and receiving as a gift
- Visibility and incentives at the point of purchase
- Dialogue and content via brand website

**Implication: Brands in France need to engage with consumers at a personal / individual level; MCA provides metrics on where to focus and where brands can improve.**



1. Family / friends reco

85

2. Received as a gift

83

3. Brand packaging

82

4. Offers in off license  
or s/market

82

5. Free gift with  
purchase

79

6. Special offers  
e.g. leaflets

79

7. Brand website

77

8. Brand in-store  
brochures

75

9. Glassware in  
restaurant / bar

74

10. Waiter / barman reco

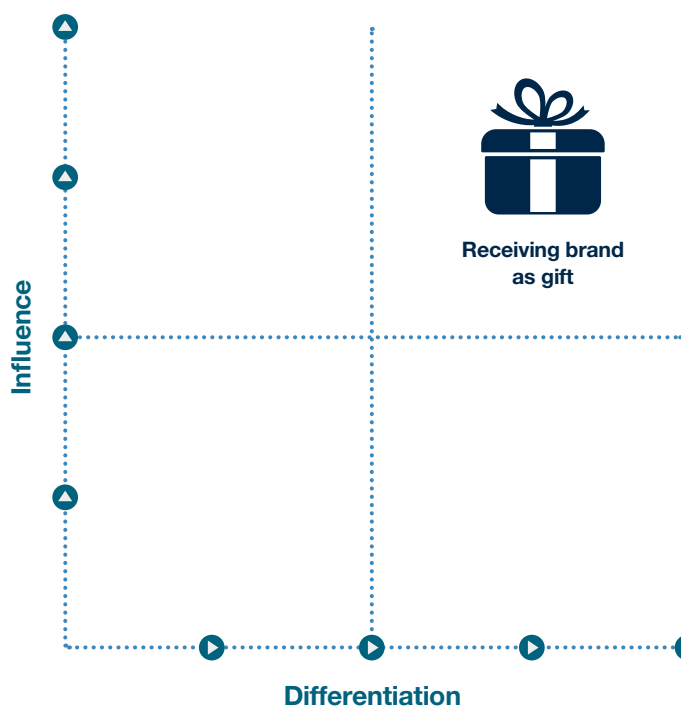
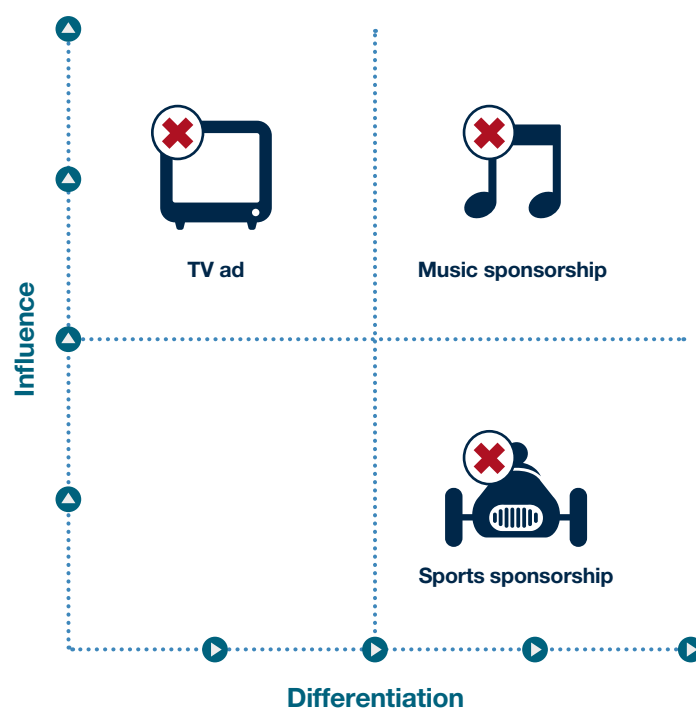
74



The regulatory framework limits what brands can do in media, sponsorship, and promotional activities. This means that some of the most valuable tools that brands typically rely on for building brand positioning are not available.

- TV ads: a 'battlefield' contact in most markets i.e. it delivers high influence, but has heavy competitive pressure.
- Music and sports sponsorships which are a valuable source of influence and differentiation.

The media and sponsorship activities that are permitted do not offer either high influence or major sources of differentiation.



The MCA data highlights a number of contacts that are both highly influential and make brands stand out in France.

One good example of this is 'gifting'. Consumers are highly influenced by this across all drinks categories i.e. receiving a brand as a gift has a major influence in a consumers' choice of brand when they purchase for themselves. And in ONE of the drinks categories it can also help a brand to stand out (differentiate) versus competitors, making it one of the most valuable opportunities to exploit.

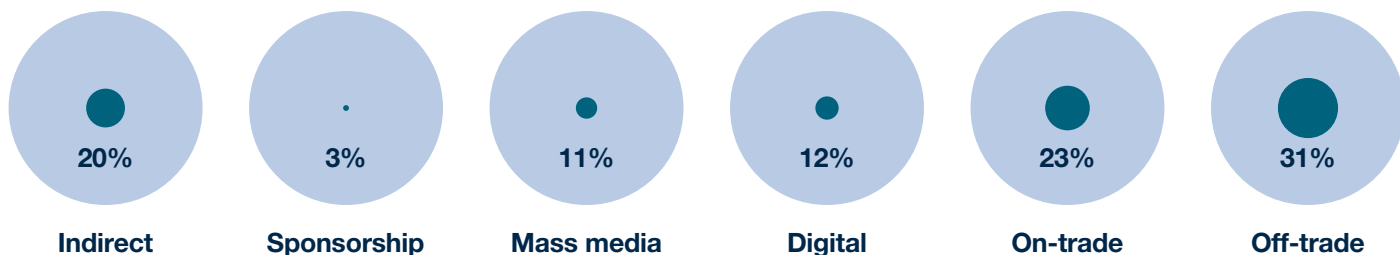
**Implication: Brands in France need to find the most valuable ways to engage consumers; MCA® provides data on which contacts are most important.**

### 3 Understand the role of 'digital'

Digital contacts are small contributors of brand experience for drinks brands in France. On average, brands get around 12 percent of their total brand

experience from digital contacts (e.g. brand website, adverts and video ads online, branded content etc.).

#### Source of brand experience



This is typical of how consumers experience drinks brands in other developed markets and is not unique to France. The absence of mass media experience does NOT change

this pattern; the nature of consumers' interactions with drinks brands does not fundamentally change just because TV ads are unavailable.

#### The consumer journey for drinks brands



The key to using digital contacts well is to understand where they fit into consumers' journeys with brands. The MCA data reveals which contacts are most likely to encourage consumers to experience brands through digital contacts, and it also reveals what digital experiences lead

to next i.e. if people experience branded content, which other experiences are enhanced as a consequence? This is vital information for any brand because it shows where multipliers exist, and how they can be leveraged most successfully so that you get more 'bang for your buck'.

## 4 Set the right budget

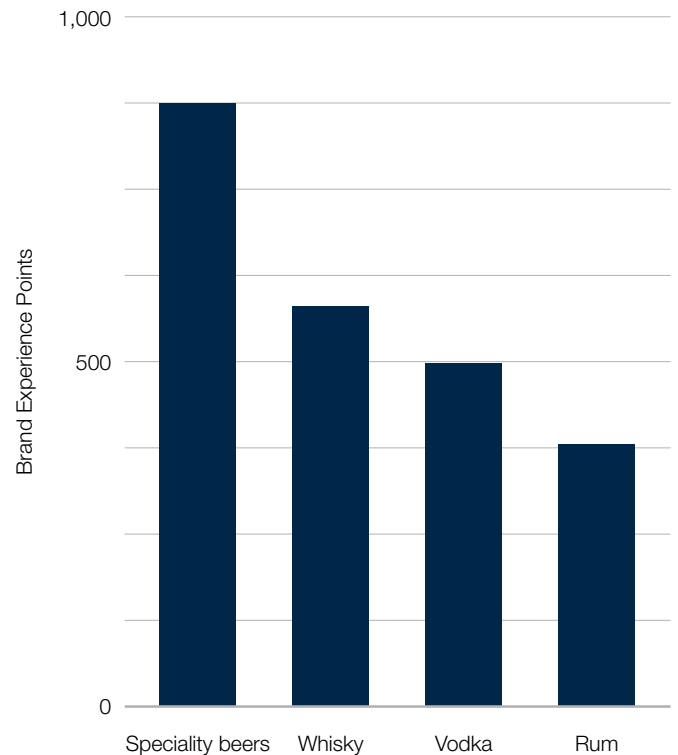
The MCA study provides quantified metrics on how much brand experience consumers are getting from a category; based on this, brands can set communications goals and budgets.

We can quantify how much brand experience is needed to achieve a market share goal and then derive an estimated budget that will do the job. This can be taken right down to specific contacts / activities so that budgeting is done on a task-by-task basis.

It is important to be specific and understand the differences between drinks categories. Using the MCA 'single currency' metric of Brand Experience Points (BEPs), the chart below illustrates how the level of competitiveness varies across different drinks categories in France. It is clear that the level of brand experience, and therefore the investment required, varies considerably with the competitive context. For example it is 50 percent tougher for brands in the whisky category than it is for rum. This is a crucial piece of information for both setting goals and allocating budgets.

**Implication: Brands need to set communications goals and budgets that will achieve the desired business outcome and must reflect the nature and intensity of competition in the category.**

### Brand experience visibility threshold





## 5 Focus on the 'must win battles'

The MCA study measures the performance of brands by contact and provides a clear understanding of where brands' activities are winning and losing versus benchmark competitors. This helps identify the characteristics of the best performing brands and where there are gaps that need to be addressed.

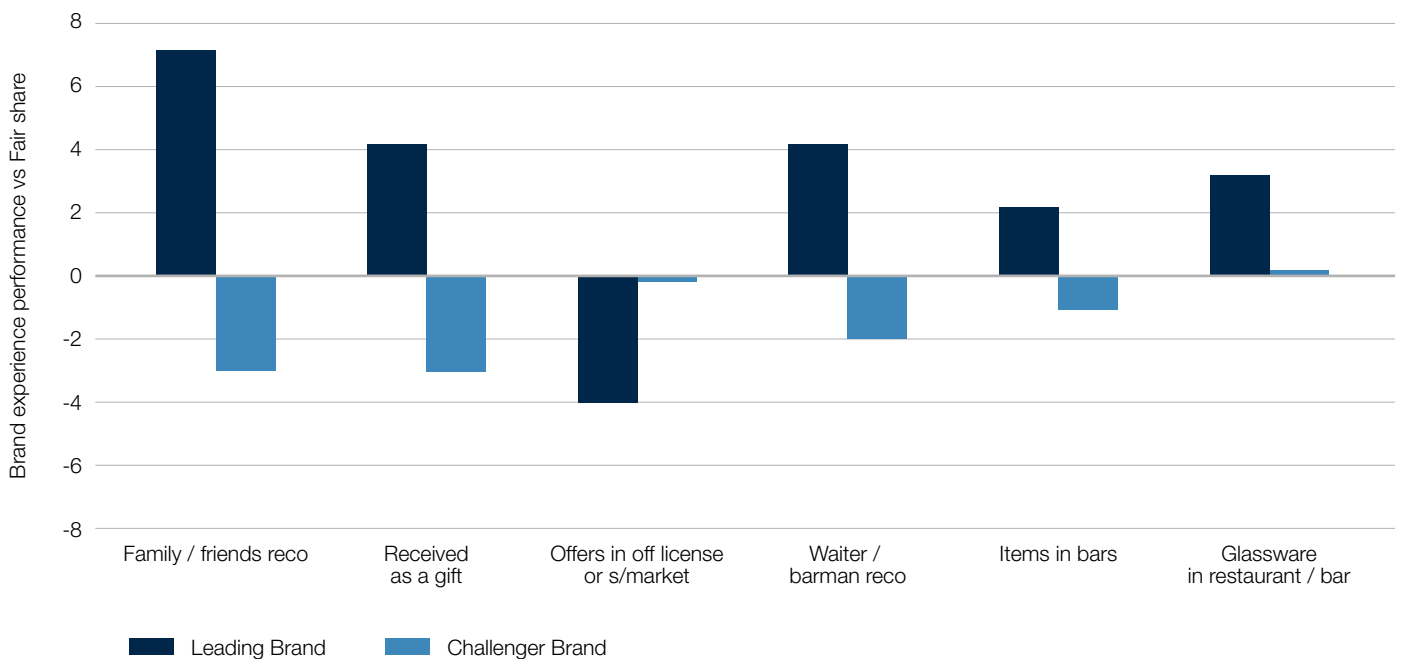
In the illustration below, the leading brand is achieving a strong performance in:

- Recommendations and gifting
- Visibility in bars

It provides consumers with reasons to recommend by telling a compelling brand story and it ensures visibility at point of purchase to be sure that the strong brand positioning is being converted into purchase behaviour.

The Challenger brand has not achieved a winning position in these critical contacts. In fact, further analysis shows that it is focusing on much less important battles and winning in contacts that do not have a meaningful impact on sales or brand preference.

**Implication: Brands need to identify the most important battles to win and focus resources on these activities. Brands should not be distracted by activities that may be 'fashionable' but which do not contribute to business results.**





## In conclusion

MCA provides statistically validated metrics to identify opportunities for profitable growth by understanding the most effective and efficient drivers of brand experience and reallocating resources to focus on the 'must win battles' for brands by category and market. Combining this fact-based approach with Alvarez & Marsal's in-depth sector experience and proven track record in leading successful commercial transformations delivers tangible, sustainable results quickly; typically within 6 to 8 weeks we identify 15-20 percent of commercial spend that can be reallocated or taken to the bottom line.

## What next?

If you would like to know more, please get in touch. We would be delighted to:

- Provide further case studies on how MCA has delivered valuable insights to drive increased market share.
- Explore how Alvarez & Marsal's distinctive approach to Commercial Spend Productivity can improve the performance of your brands and Sales and Marketing teams.

### Study design:

- Quantitative consumer research
- Sample of 800 drinks purchasers in France in March 2018
- 31 contacts covering on-trade, off-trade, digital, mass media, recommendations / influencers and sponsorships
- 20 brands from whisky, rum, vodka and speciality beers
- Reported media spends per brand



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## ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 3000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organisations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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