


GROWTH BEYOND PROM OTION

Exploring the How and Why Behind Better Long-Term Marketing

*A proprietary report for the beer, wine and spirits
industry, powered by 3x3.*

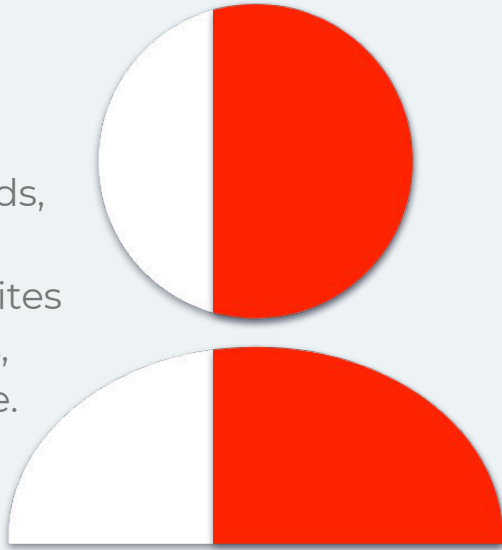
Decision-making begins online.



Today, that's where beer, wine and spirits shoppers discover new brands, research products and stores, and start building the associations that lead to purchases.

But that discovery isn't necessarily the reason they opened their web browser or Instagram app.

Research from Think With Google¹ shows that **60% of people discovered their favorite brands while doing other activities online**, like reading emails, scrolling news feeds, browsing lifestyle sites and apps, and more.



How?

Probably by seeing a targeted ad at the right time in the right place.

Behind that one ad is weeks of analysis. Brands need to determine who should see the ad, when and where it should run, how it should look, and what it should say.

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As e-commerce explodes and retail discovery remains pandemic-constricted, brands need an informed approach to digital marketing.

That means a strategic investment in the who, what, when, where and why that creates strong relationships with shoppers.

Here, we'll set a primer for digital marketing. Then, we'll expand on how beer, wine and spirits brands can build long-term marketing that drives growth.

x

DIGITAL MARKET ING101

Ok, let's set a foundation.
What is digital marketing?

**At a base level,
digital
marketing is
anything done
through the
internet
to promote
a brand.**

Yeah, it's that broad.

It also means that digital marketing expands at the pace of the internet—i.e., fast.

Today's internet is bigger, broader and smarter than it was five or ten or fifteen years ago.

Now, it encompasses everything from static web banners to over-the-top addressable TV ads; from the intelligent Internet of Things to the interconnected Internet of Everything.

The three core benefits of digital marketing still stand — but they're more refined:

1

TARGETING.

Digital ad tools allow brands to find people with behavioral, demographic and psychographic attributes that match their ideal customer. Brands can then show ads only to those people in the online spaces where they are most likely to pay attention.

2

MEASURING.

Clicks, views and other digital engagements get tracked. Brands can better connect awareness, amplification, sales and other factors to a piece of marketing.

3

OPTIMIZING.

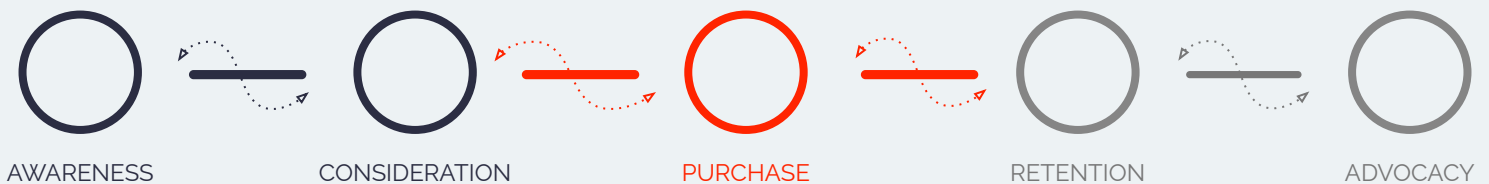
Brands can learn what works and what doesn't, then apply it quickly. Messages, targets, delivery channels, and other factors can adjust to improve effectiveness.

Another important consideration:
Digital advertising is not synonymous with digital marketing. Digital advertising is an *output* of digital marketing.

Ads help brands establish a presence where people are spending their time: Online.

But while being online is valuable, digital marketing doesn't end there.

Remember, "online" now covers a lot more ground. Each digital space can catch a shopper at a different stage of their journey.



A brand might use social media for awareness, addressable retargeting to drive purchases, and an email newsletter for retention.

Brands should also consider that this "journey" isn't always linear. Shoppers enter and cycle through different stages multiple times.



It's like showing up to a party:

If you stand in the corner, people may not remember that you were ever there.

But if you seek people out, hold different conversations based on their interests or on how well you know each other, maybe sing a little karaoke together, you've made friends for life.

The most successful brands act like engaged party guests. They build enticing marketing paths that guide specific customers to them, over and over again.

SHORT

VS.

LONG

TERM

MARKETING

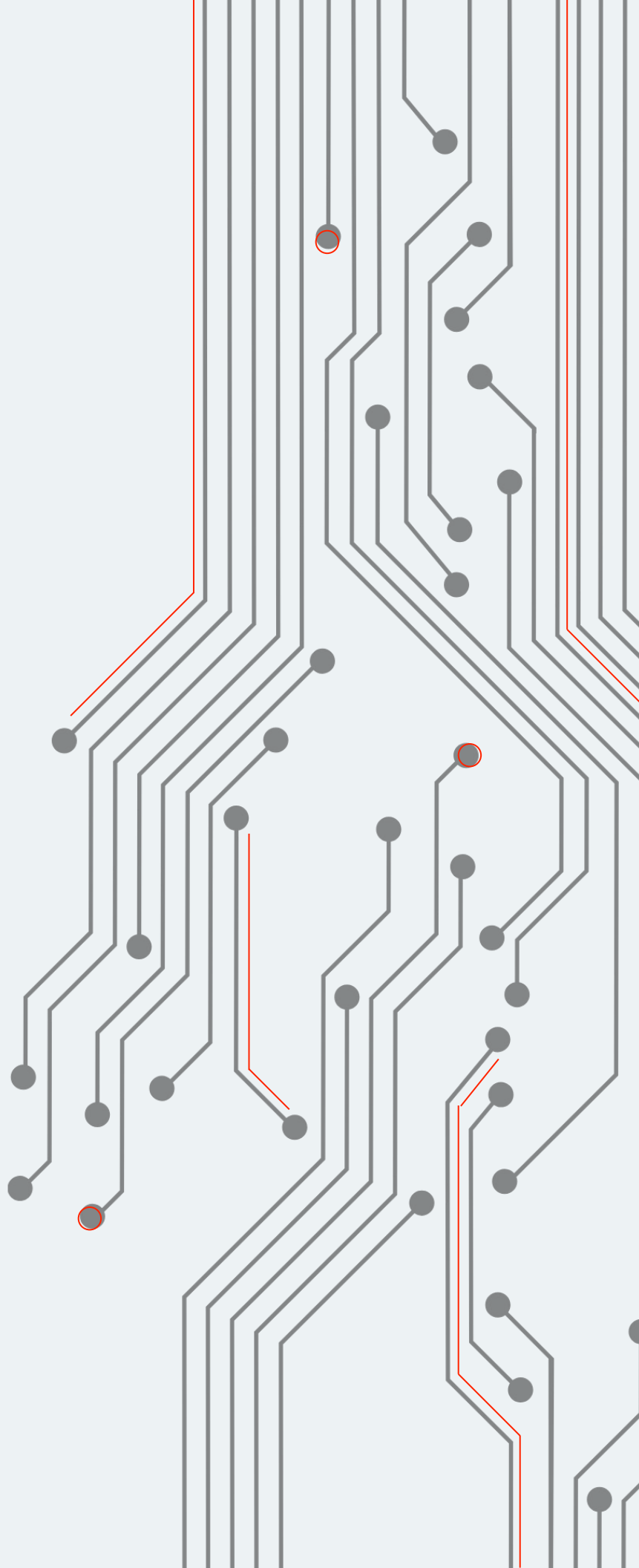
That “over and over again” piece is important.

Effective digital marketing is not a one-and-done effort.

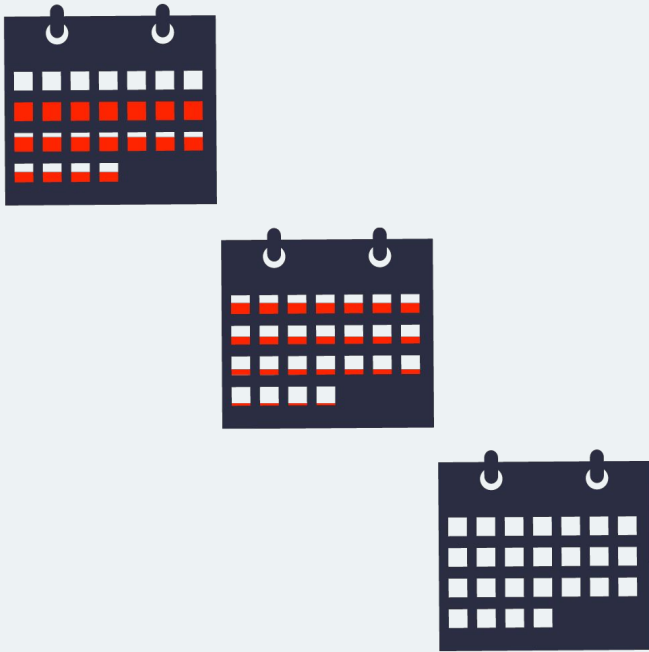
Sure, there is value in a short-term ad campaign.

It can spike sales around an occasion or drum up awareness with an aspirational audience.

But what goes up must come down, according to science.



One study from the Marketing Science Institute found that, while promotional marketing can drive a short-term sales boost, the effect decays after about six weeks.²



Short-term campaigns work best when they're part of a long-term strategy.

In marketing, long-term doesn't mean monogamous. A brand is not married to repeating the same message in the same way to the same people, time after time.

In fact, we discourage that!

Campaigns (promotions, messages, strategies) need to change and evolve.

Promoting tequila the same way in May and November most likely will not produce the same results. Running the same creative two months in a row probably won't change a campaign's results.


Find ways to learn and improve on every iteration.

“Long-term” means that marketing should always be a piece of a brand's planning. Schedule brand building and promotions in lockstep with audience analysis and distribution planning.

In the same study, the Marketing Science Institute found that this type of marketing mix has greater potential to make an enduring impact on brand sales than discounting and advertising alone.²

The next step is figuring out the mix that leads to a better marketing strategy long-term.

BUILD A
BETTER
HOW



A strong brand marketing strategy is a commitment to growth.

Think of it as holistic decision-making.

A brand needs to understand every element of its product — from flavor profile to distribution network — to build the right promotions and ad experiences.

Start somewhere familiar: The Five “W”s.

Then, go one level deeper into each “W”. This will help brands build a better “How.”

Who (and Why)

Standard demographics are valuable, but they don't go deep enough to help brands grow.

Reach new audiences by thinking of "target consumers" as shoppers, not statistics. They have lives and reasons for buying when and where they do.

Ask *why* certain people might be the right fit.

- Do they already buy the brand, its direct competitors or within the category?
- Do they buy similarly priced products and have similar attributes to existing shoppers?
- Could their flavor preferences line up to show that they might like the product, but haven't tried it yet?

Where

Location-based targeting gains effectiveness with precision. Look deeper than regions and states.

CASE STUDY

One private-label wine supplier wanted to develop a strong marketing strategy based on their target audience..

To do that, **the company needed an actionable understanding of their shoppers.**

They partnered with 3x3 to learn more about their audience. 3x3 analyzed shopper attributes, adjacent basket purchases and store types.

The results gave the brand a full picture of their optimal audience. They were able to see where people shop for their products, what else they buy, and why.

Think cities, neighborhoods, ZIP codes and specific retail locations that sell brand products.

Beyond ad targeting, the "where" is also vital for growing a distribution network.

First, look at the existing distribution network. Learn more about how products sell now by running campaigns with those retailer partners.

Brands that work with 3x3 can also run a store cluster analysis. It measures brand- and SKU-level sales at different types of stores in various areas.

From there, we can recommend which variables make for an ideal retail partner for the brand.

That blueprint helps brands expand distribution to new areas and grow.

When

Seasonality plays a significant role in alcohol sales. But seasonality fluctuates based on the market.

CASE STUDY

A ready-to-drink canned cocktail brand wanted to expand its current distribution network.

To do that, **the brand needed to understand which stores catered to their target audience.**

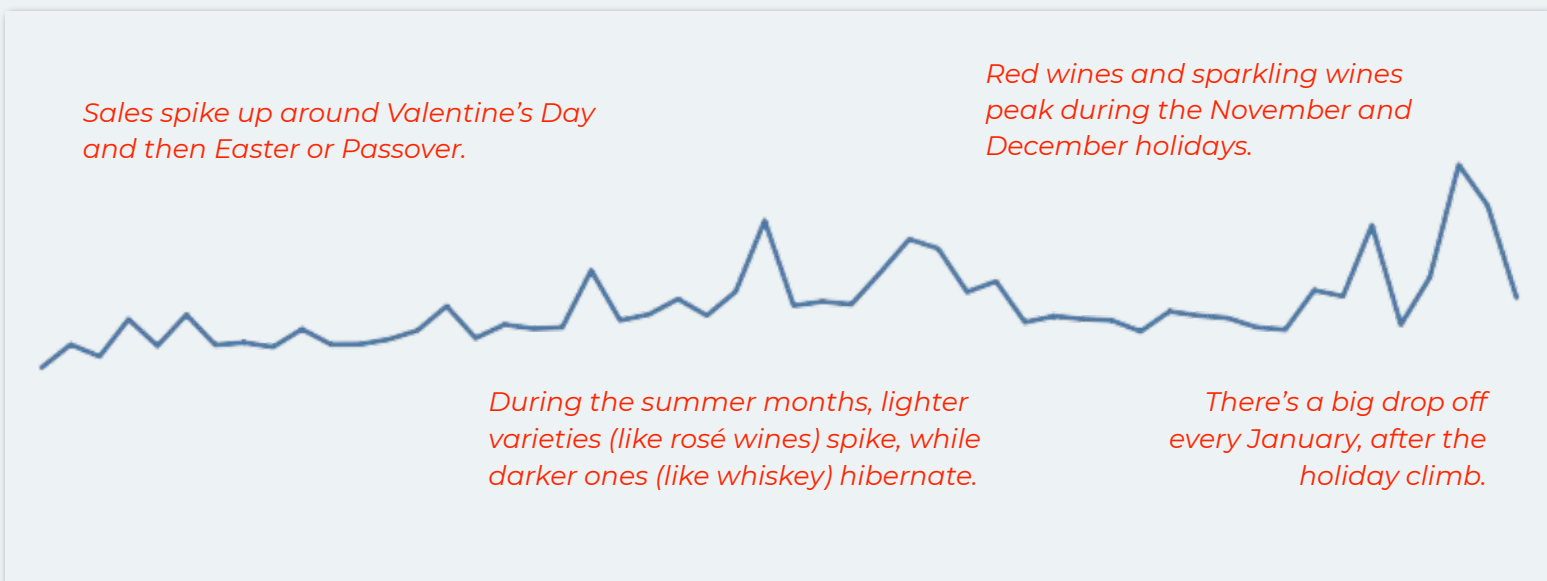
They partnered with 3x3 to learn more about how and where their product sold best.

3x3 grouped stores based on nine variables (like income, age and race of shoppers as well as size, location and product-focus of stores), then compared brand sales from each group.

The brand learned that **young, diverse, higher-income shoppers bought their product at smaller specialty stores.** The product also sold well at larger package stores among older, more white, high-income shoppers.

In some states, Passover drives March and April sales. In others, it's March Madness.

Product seasonality can also change. Hard seltzer was once a summer phenomenon. Now it's a year-round staple.



When a brand advertises — and when it doesn't — matters. Zoom in on a brand or product's top markets.

Look at how sales shift each week, month or season. Correlate that with different ZIP codes or zones around retail partners.

Use that analysis to plan marketing that works with shopper behaviors rather than against them.

What

This is where the marketing mix comes in.

Historically in marketing, the “mix” refers to product, price, place and promotion.³

Based on the other “W”s, which elements of the mix should happen when? What are the outputs of each?

PRODUCT

Innovation

Develop and test new products, new branding, new messaging, to see how they perform in different markets.

PRICE

Competitive Analysis

Test the strength of a product’s price in different markets. See how it sells in specific areas compared to direct and category competitors. Make informed decisions about how to price products.

PLACE

Distribution Network

Expand into new markets where a product or brand will perform best. Identify ideal store attributes through analysis, then find look-alike stores in different markets.

PROMOTION

Advertising

Build dynamic ads that respond to different channels: social, web banners, addressable TV, OTT, display, and more. Partner with retailers to drive sales in their online or physical stores.


Armed with the depth of precision, brands can build their marketing “how”.

That’s where the optimization begins. As each element plays out, brands can track, measure and learn.

What’s working? What isn’t? With whom? Why?

Apply those learnings to the next phase of your marketing plan. Make adjustments big and small to drive improvement every step of the way.





Now, you have a long-term playbook for growth.

This blueprint for digital marketing will lead to stronger relationships with repeat shoppers.

Your playbook can (and should) evolve. Optimize it by learning from every step you take. Analyze the who (and why), where, when and what. **Keep what works, change what doesn't.**

Commit to long-term digital marketing. Better strategies and campaign executions will help your brand grow, even in uncertain times. **x**

3x3 has the most comprehensive view of the drinking consumer in the independent channel.

And we use it to help beer, wine and spirits brands grow.

We are a growth marketing company focused on finding the right local shoppers using proprietary shopping and sales data, then delivering alcohol advertising to them across digital channels.

We have \$10B in transaction data, including 12 million addressable customer basket rings from 1,400+ U.S. retail stores in our network.

With that, we can identify “ideal” shoppers for specific brands or products based on their choices, motivations and locations.

Then, we dynamically merge existing ad creative with localized information to direct that tailored audience to independent package stores where they can make product purchases.

Our focus is on defining and driving “good traffic” to stores, where it produces ongoing value for brands and retailers.

Those customers shop more often, buy incrementally more each time, and contribute value experience to the independent channel.

Retailers and brands become partners in engaging local drinkers through the independent channel. “Good traffic” helps brands retain shoppers and helps retailers stock better-margin products.

For additional information about 3x3, or to learn more about becoming a business partner, please visit www.3x3.us.

3x3 is a Loeb Enterprises portfolio company. For additional information about Loeb.nyc, please visit <https://www.loeb.nyc>.

Resources

To build this report, we gathered information from from multiple sources, including our own proprietary data.

Our data comes from sales within a network of 1,493 independent package stores and chain retailers across the U.S. and Mexico.

Contact us at letstalk@3x3.us to learn more about our data process.

Visit these external sources to learn more about online discovery, the effectiveness of longer-term marketing, and the marketing mix.

¹ Think With Google, "[How brand discovery is changing for today's consumer](#)," May 2020.

² Berk Ataman, et al, "[The Long-Term Effect of Marketing Strategy on Brand Sales](#)," Journal of Marketing Research, Oct 2010.

³ Will Kenton, "[Marketing Mix](#)," Investopedia, Dec 2020.

3x3

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Learn more about how we can help your brand grow.

www.3x3.us

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