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THE FUTURE OF SHOPPING PHYSICAL RETAIL BORROWS

PHYSICAL RETAIL BORROWS FROM THE ONLINE WORLD

WHAT'S GOING ON AT KRAFT HEINZ?

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The Future of Shopping Mirror, mirror on the wall: how physical retail is mimicking the online world with convenience and personalization.



SIA Check out the 19 winning programs – plus our inaugural Retail Innovator of the Year –

that knocked it out of the retail park.

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ON THE COVER: Robots selecting groceries. Robots delivering groceries. Robot style advisers. Department stores building "robotic fulfillment centres." As we did our annual survey of the retail world, we found a lot of robots, with plans for more on the way. This issue celebrates the best of retail past, present and future, from the Shopper Innovation Awards to "The Future of Shopping" feature. Artist Gary Taxali provides a playful hint of things to come with his cover illustration.

Bringing sexy back

pinning is sexy," said no one, ever. It's the antithesis: the only sport where - for almost an hour of high-intensity stationary peddling your back-end gets chummy with a stranger's front-end, sweat beads fly across the room, and instructors mimic drill sergeants, yelling, "We don't stop

when we're tired, we stop when we're done!"

This not-so-sexy image (partly fuelled by '90s Hollywood films) is no longer. The sport has recently achieved cult status, and we can thank urban-focused fitness co. SoulCycle for that. Now, trainers (or SoulWarriors as they're called) apple-polish spinners with affirmations while burning calories by candlelight. Classes are likened to dance parties: loyal Soul "groupies" don heavily branded stretchy pants, and "This is a sexy-ass sport!" is now common class vernacular



(according to Vanity Fair's Vanessa Grigoriadis in her aptly titled "Riding High" feature on the company, which recently filed an IPO).

Its first Canadian location opened in Toronto this March, and classes aren't cheap: \$28 a pop, plus some rental fees. Yet, even with stiff pricing, weekly waitlists to get into the 55-cycle rooms are par for the course, and reports show a trend in people dropping memberships at gyms that also offer indoor cycling in favour of these more exclusive, experience-driven companies like SoulCycle.

One could look at the sport's resuscitation as a sign of the times.

Disruption by (sexier) niche players is everywhere (see p.57 for TracyLocke's Craig Jenkins on how small is big again); personalization isn't a nice-to-have, it's a must-have (see which retailers follow this mantra in our retail trend report on p.16); and cult-like communities

drive retail experiences and inject new life into mainstay categories.

Take Sephora, for instance. Strategy's inaugural Retail Innovator of the Year (p.35) is a makeup mecca for devoted (mostly female) fans, young and old. The entire store is an experience unto itself: the retailer has a secret language, where staff are "cast members" who walk between different "worlds" (sections) in "costume" (uniform) and hold up devices that read skin tones and predict bestmatched brands for individual customers. Time ceases to exist in this cosmetics playground, where only the likes of Apple and Nike can boast similar fanaticism.

Granted, not every brand can exist to create devotion on the level of Sephora or SoulCycle, but there is merit in near-mimicry. Jeweller Pandora adopted the psychology around exclusivity with red carpet lineups outside its stores (even when it's obvious there's enough room to browse), while Harley-Davidson (also a SIA winner, p. 32) has been reviving its lifestyle status for a new audience through experience-driven community cafés.

Similar to advertising today - where the content glut has created picky viewers demanding more entertainment - retail also requires a fresh lens to break through. It's just a matter of tapping into the zeitgeist that's affecting your space, and making it your canon to resuscitate your category, sexy or not.

Jennifer Horn, managing editor

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SEARS TAKES NOTES

Sears is going after young millennial women with its new fast-fashion private label. mid declining sales – and its U.S. counterpart facing doubts as to whether it can continue operating – Sears Canada is taking cues from other retailers as it looks to modernize. Here, executive chairman Brandon Stranzl shares three lessons he's following to revitalize the brand.

FAST FASHION Taking after Zara and H&M, 2017 marks Sears' entry into the competitive fast-fashion landscape. It's seeking a fresh audience with its S label: women between their teens and early 20s. "We're never going to be Forever 21 but... we're going to learn about [that audience], we're going to figure out who she is," Stranzl says.

The company hired a team of buyers with fast-fashion experience and managed to put the S collection together between September and November 2016 – a timeline unheard of for Sears.

"Department stores cannot [typically] move at that speed," Stranzl says. Lines typically take 12 months, but the brand wanted to apply fast-fashion business principles to the department store's operations. By Harmeet Singh

OFF-PRICING The retailer has also latched onto the off-price business model – joining banners like Saks Off Fifth, Nordstrom Rack, Marshalls, Winners and Homesense.

Dubbed The Cut, the off-price strategy is aimed at providing "of the moment" products at a higher turnover rate than Sears' traditional wares, Stranzl says.

PRIVATE LABEL "I'm never going to be able to do what Adidas does in athletic shoes," says Stranzl, but his plan is to focus on one solid private label offering that's about quality basics – such as T-shirts, jackets and yoga apparel – with a "high quality, low price" value proposition.

Over the years, the retailer has accumulated 64 private labels, all with inconsistent price-tovalue equations, he says. Now it's rebranding them across apparel and home goods.

The private label offering represents about 30% of Sears' assortment, but the plan is to increase it to between 50% and 60% by the fall.

EXPERIENCE-BASED RETAIL

The digital space gets all the attention these days when it comes to engaging consumers. However, smart, strategic executions still happen in the physical world. Here are a few brands that created unique retail experiences, from launching schools and mobile soup kitchens to introducing robot escorts in stores. By Josh Kolm



KFC TAKES DOUBTERS TO SCHOOL

Some people have perfectly valid health concerns about eating at fast-food chains, but some of that has spun into urban myths. You can look to McDonald's "Our Food. Your Questions" campaign or Wendy's "Fresh Never Frozen" tagline for ways QSRs have tackled misconceptions about what's in their food or how it's made. But KFC opted to go more hands-on.

Working with Edelman, the chain invited Toronto, Calgary and Vancouver consumers to attend cooking classes held in the restaurant's kitchens. While the Colonel's famous blend of herbs and spices remained a secret, attendees were trained to prep and cook the chicken just as the staff would. Later, the brand launched a campaign by Grip pushing to an online version of the school – "The Colonel's College For Chicken Knowledge" – that gave curious cooks who couldn't attend the classes step-by-step instructions on how to make Colonel-approved fried chicken in their home (though they were on their own when it came to the herbs and spices).

The cooking school is meant to get "people into



an experience," Beverley D'Cruz, marketing director for KFC, told *strategy*. "With an ad, there's always the skepticism of 'Oh, it's just a marketing campaign and they make the chicken look nice,' but when they stand in the kitchen and see all the chicken come out of the fryer and see it looks the same as on TV, it's more authentic and real."



CAMPBELL'S ROSTER OF SOUP KITCHENS

The pop-up soup kitchen concept has been surprisingly versatile for Campbell's. The original Cantina – launched in Toronto in 2016 and later recreated in Montreal – not only enlisted chefs to build restaurant-quality recipes out of Campbell's soups that people could bring home to recreate, but encouraged people to sit and enjoy a meal together. When it came time to promote the company's

more upscale Everyday Gourmet line of soups, Campbell's worked with Diamond Integrated Marketing to create a smaller, bistro-style "soup bar" that was transported to shopping centres and trade shows across Canada.

"The Cantina was about creating a shared sense of belonging and showing consumers the soup they know can be so much more," said Moya Brown, VP of marketing at Campbell's. "For Everyday Gourmet, we're focused on trial of the soup itself, so it's showing them how great it is right off the shelf."



LOWEBOT LEADS THE WAY

Sprawling big box retail locations are becoming more of an anomaly for companies keen on cutting overhead costs, but when you're a home improvement retailer like Lowe's, you don't really have a choice: you need copious space for the selection of light fixtures, lumber, tools and toilets customers expect you to stock, as frustrating as that might be to navigate.

That's where LoweBot comes in. Currently being rolled out at locations in California, the multilingual robot asks customers simple questions about what they're looking for, figures out if it's in stock and where to find it in the store, and then escorts the shopper to the product they need. That's a small (but fascinating) experiential touch that can help consumers navigate Lowe's endless aisles.

BUYING ONLINE, BY THE NUMBERS

By Harmeet Singh

E-commerce is growing in Canada and brands can't afford to get left in the dust. In BrandSpark's 2016 Canadian E-commerce Shopper Study – which was first presented at *strategy*'s 2017 Shopper Marketing Forum – 53% of consumers reported shopping online more in the past 12 months than the previous year, and 41% expect to do so even more in the next year. While numbers for some categories like fresh groceries are still low, consumers are regularly shopping online for clothing, footwear, books, DVDs, electronics, toys, and health and beauty products. Here are more takeaways from the research.

FREQUENCY OF ONLINE SHOPPING

7 in 10 Canadians shop online

each month. MILLENNIALS

78% shop monthly and 39% do so weekly.

GEN XERS 73% shop monthly and

34% shop weekly.

BOOMERS 58% shop monthly, while 27% do so weekly.

WHAT ARE SHOPPERS BUYING ONLINE?

Skin-care products: 20% Cosmetics: 15% Household care items: 8% Fresh groceries: 6%

WHY BUY ONLINE?

46% primarily turn to e-commerce when brands aren't available locally.

> 29% say pricing is a driver for purchasing online.

229/6 are driven by different product versions or formats available online (versus in store).

WHY BROWSE ONLINE?

55% browse to check competitive pricing, while 44% check promotions.

44% go online to determine which product to buy, while 37% use the web to confirm where to purchase.

Source: BrandSpark's 2016 Canadian E-Commerce Shopper Study surveyed 4,400 Canadian shoppers from Dec. 5 to 15, 2016.

HOW CREATIVE ARE MACHINES?



J. Walter Thompson Amsterdam won two Grand Prix at Cannes last year for "The Next Rembrandt." here's no question that machine learning and AI can pull off some creative feats, as exemplified by the 2016 Cannes Lions darling "The Next Rembrandt," which analyzed every one of the painter's works to create a totally new one, as if he were alive today.

But was that really creativity? The algorithm did make something completely new, but it was within the context of very strict parameters.

"I would prefer to define creativity as an ability to observe and perceive the world in new ways – then building connections and patterns within those observed concepts to generate a solution," says Vitaly Pecherskiy.

Pecherskiy is the co-founder and COO of StackAdapt. As a demand-side native advertising platform, the company already uses machine learning to get ads in front of the most relevant audience, and is very familiar with the capabilities of data-powered algorithms.

At Toronto's Dx3 conference in March, Pecherskiy examined whether or not those same algorithms could be used not just to target ads, but come up with creative solutions to business problems.

The idea of a single machine-powered source for creative solutions seems unlikely, he says. But that doesn't mean there aren't benefits in going down that path. The strength that computers and machines have over humans comes down to raw processing power, he says.

"We tend to define intelligence based on how closely it resembles the way humans think," Pecherskiy says. "I don't think that's a fair way to look at it, because humans are not the pinnacle of intelligence. If you define intelligence as being able to hide from predators really well, we might not be that intelligent compared to any animal. So I don't want to judge computers based on things they are inherently bad at, like empathy or emotions.

"Instead, if we look at something that computers are good at, like processing and navigating massive amounts of data, they are way more intelligent than we are."

That strength can be used to sort data and find connections beyond what humans ever could. But what machines have in processing power, they lack in the reasoning and empathy humans use in the creative process.

As an example, Pecherskiy says a machine could be told that images with bright colours help drive consumer engagement and conversion. But it might have no idea why a photo of someone with pink hair would be appropriate, while someone whose entire

body has been painted pink would not.

"A human can reinforce the learning and get the machine pretty good at spitting out ideas that are pretty good," he says. "But fundamentally, it'll have no idea why some ideas work and others don't. It will just know that it should stop generating ideas that use certain elements."

As another example, Pecherskiy cited airline's ongoing problem with seating – maximizing the number of passengers it can fit onto a plane while keeping boarding quick and tolerable. He referenced an AI design where seats were turned to face each other, not realizing how being face-to-face with a stranger during a four-hour flight or the lack of leg room might not be desirable.

"We are seeing machine learning being able to pick up on topics and patterns that humans could not identify, and it might be able to create content that should influence purchase behaviour," Pecherskiy says. "But a machine will not be able to qualify these ideas as feasible because they don't have awareness or empathy. For them to come up with one good solution on their own is hard to imagine."

So machines can be creative; they just might not be that good at it. Being able to generate ideas outside of the parameters of human limitations can even be an advantage when it comes to outside-of-the-box ideas. But humans are still needed to decipher whether it's created bold new ideas or something completely unfeasible. **JK**

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IS HONESTY A BRAND'S BEST POLICY?

BY MEGAN HAYNES



Above: Tim Hortons (left) admitted its Dark Roast coffee wasn't dark enough, while Clearasil saw an advantage to confessing it didn't understand teens.

Opposite: Classico celebrated not being as good as grandma's homemade sauce, and Dutch hotel Hans Brinker has been braging about being "The Worst Hotel in the World." n this post-Trump, alternative facts era – when even the most basic truths are thrown into question – it's no surprise that a new trend of brands being (sometimes brutally) honest has emerged. Transparency, it seems, works, and a few companies are laying their flaws bare.

With a new campaign from Ogilvy & Mather launched in March, Tim Hortons owned up to not having a rich enough Dark Roast. Despite much hoopla over flavour during the 2014 launch of its first new blend in 50 years, the brew simply didn't take off the way it hoped. Ironically, many found the coffee wasn't dark enough.

So, in TV and online spots, as well as OOH billboards, Tim's proclaimed that they heard Canadians (after listening to social commentary), and promised to do better. The creative then invited consumers to try the darker coffee and tweet their new reviews (good or bad). Clearasil is another brand that's laying it all out for consumers, recently admitting that it's run by a bunch of 30- and 40-somethings who are out of touch with what kids are going through these days. Released last May, TV spots by Droga5 in the U.S. speak directly to the demo, saying "We could try and guess what you like," but in the end the skin-care brand just wants to tell people that its product works fast.

Like most trends in the past decade, the internet can partly be thanked for the newfound vulnerability.

In the din of digital, trust has become a currency, says Alan Middleton, marketing professor at York University's Schulich School of Business. Historically, consumers (rightly or wrongly) assumed TV and print ads were trustworthy, he says. But, with the diminishing relevance of traditional media, the migration of ads onto brand-owned platforms (where consumers tend to assume brands say anything with impunity), as well as the influx of programmatic companies serving up advertising content on unfiltered websites, consumers' trust in the online message has eroded, he says.

Being vulnerable is a way for brands to rebuild that trust: You can believe us, we're being upfront about our flaws. It's part of a larger trend on the part of marketers to humanize their brands, says anthropologist Johanna Faigelman, CEO and founder of consultancy Human Branding.

There's a more general societal shift around being upfront about flaws: you see it in online dating profiles, she says, with humour and self-deprecation replacing perfectly constructed profiles in the hopes of getting people to swipe right.

"Brands – like humans – have flaws and it's OK to embrace that," she says. "It seems less self-serving to say you recognize something is wrong than to gloss over it. The





more honest, the more brands dial up that feeling of trust."

The key, Faigelman says, is to make sure it remains truthful to the target audience. She points to Amsterdambased hotel Hans Brinker, which created a cult-like following through its long-term positioning as "The Worst Hotel In The World."

The brand literally airs its dirty laundry – as well as its less-thanappealing bathrooms, ragged rugs and mite-infested beds – in its marketing. It is the definition of a no-frills hotel. But for the millennial target audience looking to party the night away, the campaign by Amsterdam-based KesselsKramer has made it a hip destination and eliminated complaints.

"That level of brutal honesty would never have worked if the target was boomers," she says.

It's a common technique called inoculation: highlighting a negative and putting your own positive spin on it, says Middleton. Think "Buckleys: It tastes awful and it works" or Avis's "We're number two. We try harder."

And interestingly, Middleton says, that technique is particularly effective here in Canada, where we're willing to forgive flaws if there's a redeeming quality brands can hang their hats on. In the U.S., that type of approach tends to be less effective, he says.

Just look at Kraft Heinz's Classico campaign. Creative from Taxi, launched last September, acknowledged that its pasta sauce would never be in the top spot. That honour belonged to consumers' homemade versions. But on rushed nights, Classico claims to be the next best thing. TV spots feature Italian grandmothers swaggering around, celebrating their pasta sauce winning top spot at a tasting contest.

The goal was to have Classico own its second-place status and bring some levity into an otherwise serious category, says Jenna Zylber, marketing director on meals at Kraft Heinz. And while it was difficult for the brand to say it wasn't the best pasta sauce on the market, she says the team decided to take the risk anyway.

It paid off. The brand saw the largest dollar-share growth during the campaign period versus which was an unexpected surprise.

Philippe Garneau, president of GWP Branding, cautions that this vulnerability is a fine line to walk. It's difficult for brands to legitimately cop to their flaws – if it fails, it can fail spectacularly.

First, campaigns that "own up" to being second best or spin their flaws





any other quarter in its history. Anecdotally, Classico also saw online conversations shift. Before the campaign, the brand (which has an active fan base on Facebook) often found people commenting that it should have used homemade pasta sauce in the recipes it shared, she says. But following the campaign, consumers began to advocate on behalf of the brand, Zylber says, into positives risk coming across as #humblebraggers.

Second, there's the very real risk that when a brand admits to a flaw in its product or offering, consumers will feel legitimized in their anger that they were made to feel like chumps, he says – they always knew something was wrong, and now the brand has confirmed it. Third, it's one thing to acknowledge brand flaws, but if companies don't do anything to fix them, consumers lose faith in that messaging over time.

Considering the current climate, though, Faigelman and Middleton expect to see more vulnerability from brands.

"But as with any trend in advertising, if it's overdone, consumers will think it's B.S.," says Faigelman. "It's the people who are doing it really innovatively today who are going to get the most benefit from it."



WHAT'S GOING ON AT KRAFT HEINZ?

FOURTEEN MONTHS AFTER TAKING THE CMO REINS, BRIAN KERR TALKS POST-MERGER CULTURE, AS WELL AS HOW HE'S ROCKING FOUNDATIONS AND BETTING ON PRODUCT INNOVATION FOR 2017. BY JENNIFER HORN

hat do urban planners, military brats and Kraft Heinz's CMO have in common? Upheaval, for them, is quotidian.

That's especially true for Brian Kerr. The top marketer at the newly merged CPG giant has, in his almost 20 years at the company (he came from the Kraft side), weathered business mergers, company divestments, brand turnarounds and every volte-face in between.

Kerr took over the CMO reins when Tony Matta left for Starbucks in early 2016. His promotion came after surviving a series of potentially job-threatening shakeups: the Mondelez split in 2013, and then the Kraft-Heinz amalgamation in 2015.

The former CPA is a bit of a job juggler. Since 1999, he's had more than 15 roles within the finance, sales and marketing departments across cheese, coffee and grocery categories.

Today, Kerr runs the marketing and growth R&D team of 70 across Kraft Heinz Canada's 59 brands and roughly 2,300 SKUs. And during his first 14 months on the job, he's

managed to rejig the department's structure, mobilize the team behind a new company vision, and help orchestrate a reinvestment in product innovation (which he says is the CPG co's primary source of growth for 2017).

DESIGNING A NEW KRAFT HEINZ HOUSE

Kerr will tell anyone that his moving up the ladder was not simply fortuitous. Shouldering roles across three industries (finance, sales and marketing) at the company equipped him with a unique range of skills – which helped prepare him for the top job. But his recent







Clockwise, from left: As Kraft Heinz acclimatizes to its new mission, CMO

new mission, CMO Brian Kerr is making some changes of his own; Classico gracefully accepts its runner-up pasta sauce title; office workers make time for budget meetings with Philly Cream Cheese; product innovation takes the lead with launches like jalapenoflavoured Kraft Singles and Philly-branded yogurt smoothies. appointment is not the only thing to come out of his cross-industry experience: it's also informing the way he's reorganizing the marketing department.

Within the last few months, Kerr has essentially been creating a hotbed for brand and business managers, new and old, to master a deeper understanding of the company's operations. He's attempting to do this by separating staff into two teams consisting of (1) brand builders and (2) business builders. There are 55 staffers spread out across the two groups now, with the former focusing on marketing communications and new innovation. The business side, however, is more concerned with strategy - defining the way each brand plays in its respective categories, with an obvious focus on results. Each team, Kerr says, has full insights, analytics, sales and finance support.

The M.O. is to have long-term innovative thinking trump short-term plan delivery. Since general managers will no longer handle everything (from marketing content to strategy for different brands), day-to-day business issues no longer usurp the team's ability to focus on big-picture growth plans.

"When a person owns a brand, they do everything, but only at a certain level of depth," says Kerr. "They couldn't go as deep as fully understanding the consumer or what was going on with the business... So now it is better training ground to go deep... And there is opportunity for people to swap. Just because someone is in business building today doesn't mean they can't be in brand building tomorrow."

Another 15 marketers don't belong to either team reporting to Kerr: these researchers and developers were originally tucked away in a remote plant in Montreal, but Kerr recently relocated them to the company's centre of excellence for innovation in Chicago, to be closer to the global scientific community and cull new ideas for the Canadian marketplace.

FOCUS BEGETS INNOVATION

Partly as a result of the structural shift, the company is aiming to triple its annual product, brand and line extension launches this year, according to Kerr. Philadelphia Cream Cheese will start to sit in the refrigerated dessert section in grocery stores, for example, after the R&D team decided to follow the U.S. team on a new Philly cheesecake (which launched in February), and to partner with Hershey on a chocolate pudding. More unique to Canada, the Philadelphia brand is also expanding beyond traditional formats: it introduced a yogurt-based protein smoothie with "an adult taste profile, accepted by kids," says Kerr. "It's not cream cheese in a bottle, it's a yogurt smoothie."

"The brand is anchored in cream cheese: spreading it on toast or making a cheesecake. But, in talking to consumers, we realized that it could go outside of that."

That's why the brand is moving the product from morning spreading to all-day snacking.

Philly, sitting at 80% cream cheese market share, is one of the company's strongest brands, both in equity and affinity. While still a crowd-pleaser in the U.S., the spread tends to perform better in Canada, which is partly why the country led creative strategy for the brand when both markets came together to co-develop the "It Must Be Philly" positioning, launched last summer with the help of Leo Burnett.

"In the case of Philly, we had brand commonalities," he says of the co-creation route the team took with the new brand platform, which wasn't entirely homogenous, with close to 80% cookie-cutter creative for both markets and 20% tailored to the two local audiences. "We were able to take a common foundation, with common marketing problems to solve, and come up with common marketing content. You need to have a unique environment for that to be able to happen. And it all needs to be firmly rooted in the consumer."

Kerr's team is also turning to product innovation in an effort to tap into a growing desire for bolder tastes, not to mention less processed foods – which has become a pain point for most packaged food companies today.

Kraft Heinz isn't the only big food co. having to freshen its portfolio as health-conscious consumers shun products with copious ingredients, preservatives, pesticides or GMOs. However, in an effort to outpace the industry (a goal that's outlined in the company's new marketing vision, developed earlier this year by the entire 70-person team), it's launching a "Bold" extension of the Kraft Singles business.

"It's a hybrid between a processed cheese slice and a natural cheese slice," says Kerr, adding that it's thicker and features bacon and sriracha flavours. "When we look at restaurants, what's showing up on menus are spicy, bolder tastes. They're particularly appealing to millennials. So we [took] those insights to our more popular brands in the grocery store, so people could also have those experiences at home."

The company is also debuting two new SKUs in its allnatural peanut butter line (one with honey and one with sea salt), an organic Classico pasta sauce, and an entirely new brand launching under the Classico name: Riserva. "We saw an open space, where Classico white sauce is the upper mainstream pasta sauce, but then there is this really huge jump to super premium sauce," says Kerr.



THE MAN BEHIND THE BRAND Name: Brian Kerr, 44 Title: CMO Years at the company: 18 Areas of expertise: Marketing, sales, finance, procurement Former life: Before going into marketing, and before his work in other departments at the CPG giant, Kerr was a trained accountant with a background in mathematics. But only for three years. "I realized I didn't like doing business for other people, I wanted to be where I could help build a business and become like one of the owners of the business." He adds that one of the reasons he chose Kraft after his career change was because of its reputation of "training [people] in the fundamentals of business."

Marketer by day, musician by night: When Kerr isn't disrupting structural foundations at work, he's rocking bars and clubs in Toronto. His cover band, Tuesday Noon, formed back in 2008 with fellow Krafters (half have moved on from the company, but still jam with Kerr on a semi-regular basis) when they played annual sales meetings. The band (with Kerr on vocals) has even made a music video, which, naturally, features Triscuits and Kool-Aid.

Riserva is meant to meet that middle market. Classico is positioned as second only to homemade sauce (see p. 10 for the masterbrand campaign, which Kerr describes as a "disruptive way for us to tell consumers that, 'We're great, we're just not as great as the stuff you make at home'"). Riserva, on the other hand, is positioned as restaurant-quality sauce brought to your home.

TWO HEADS ARE BETTER THAN ONE

Banding cross-market R&D teams together feeds into a passion point for Kerr: collaboration. "I spent the first six months [as CMO] listening, watching, and learning," he says. While much of his focus has been internal, working on structures and processes, he says he wants to start looking outside the organization.

He's doing this by setting up rituals and routines that have the teams foraging intelligence. They more regularly visit retailers to look at how the company's brands are represented, keeping a closer eye on competitors, and establishing more wonted connections with frontline sales folk, explains Kerr. Because of the rejigged structure, he says, "more teams are dedicated to building the business now, so there is more desire to go out and see what's happening in the stores."

The external outlook isn't confined to Canada. At press time, Kerr was working on 15 marketing ideas that came about after marshalling meetings with his CMO associates in global markets. "They're in development right now, but there are active projects under way that did not exist before those meetings occurred," he says of the result of his monthly phone calls with colleagues.

He is also looking for third-party communications solutions, beyond what traditional agencies provide (while still primarily relying on Leo Burnett and Taxi for creative) by testing new digital media partnerships. The company recently held a Digital Innovation Day, where it invited 20 startups to pitch a solution to a Kraft Heinz-specific problem, using their technology/products (instead of having startups pitch their services without a brief or business problem in mind). Last summer, the company chose to work with three startups from the event – including Sampler, which helped it with targeted sampling for its coffee brands – and the department is organizing another event in the coming months.

COST CUTTING AND CULTURE SHOCK

When investment firms 3G Capital and Berkshire Hathaway merged the former H.J. Heinz Co. and Kraft Foods Group in 2015, it took some getting used to, admits Kerr. "It wasn't for everyone in the beginning," he says. The merger's aim was to cut annual costs by \$1.5 billion before 2017. Predictably, the majority of costs were curbed through layoffs: the company announced another 200 cuts across Canada and the U.S. in March, bringing the post-merger total to roughly 1,200. (According to Bloomberg, initial cost-cutting measures even extended to refrigerators, printers and accounting departments, including mandatory double-sided printing with black ink, travel food expenses limited to \$50 a day, and Kraft snacks removed from some offices.)

"It was quite a shift in terms of it becoming more of an ownership culture," says Kerr. However, he says, after a year and a half of ironing out kinks and forming new teams, the "merger has made us leaner, quicker, and even forced us to remove the bureaucracy that both the Kraft and Heinz organizations were experiencing. It required us to become better owners in our businesses."

The cost-cutting, he says, has led the company to redirect dollars into marketing and into its brands. It's set a goal of tripling product innovation, and its marketing budget is actually increasing despite cuts elsewhere, as well as moving away from TV advertising toward experiential and social.

"Kraft Heinz is not the Kraft or the Heinz it was before. It's a significantly different company. It's going to take some time for the world to see, but the [company] is no longer going to play it safe," he says.

"And because I'm not a classically trained marketer, I have the chance to [disrupt traditional processes] and ask, 'Why not?' If I had spent 20 years in marketing, I might be accustomed to how we do things. But I'm not one to accept the status quo, and if something doesn't appear to be working, I will want to change it."

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PLAYBACK - strategy



BY MARK BURGESS

The single household is multiplying. So is the online shopper's appetite. Personalization is essential to getting consumers off the couch and into the store, as are tailored experiences. Friction is to be avoided at all costs.

Even though trends in retail have become clearer, there's no definitive response. Brands facing changing demographics and consumption habits are playing with product formats and in-store experiences, as well as testing supply chain and delivery innovations. Many are trying to duplicate the ease of online shopping in the physical retail world through easier payments and custom service.

Our shopper report takes you through the trends and strategic approaches (in Canada and around the world) that brands are adopting as they try to catch up with the future shopper.

THE CHANGING CONSUMER

ore time spent shopping online is warping consumer behaviour. Where price was once the top driver for buying online, a PwC survey released in March shows that convenience is now on par (at 32%). It also showed 83% of Canadians are Amazon shoppers, "accustomed to frictionless, one-click checkout."

Indeed, e-commerce is driving Canada's retail gains: while traditional sales were almost flat (0.8%) in 2016, e-commerce sales grew by 14.9%, accounting for \$34 billion, or 6.5% of all retail sales, according to an eMarketer report from February. By 2020, that figure is expected to rise to 10%.

The PwC survey also showed Canadians' urgency when buying online: 67% expect same- or nextday turnaround for in-store pickup, while 34% expect the same for home delivery.

Shifting demographics are also impacting purchase behaviour. Single-person households around the world will grow due to the combination of career-focused young adults and more widowed and divorced elderly people, says a Euromonitor report from March.

This has led to a furious courtship of the once-enigmatic millennials, but Harbinger VP of strategic planning Jennifer Lomax, who has conducted consumer research on changing households, sees the aging demographic as an opportunity for marketers, with Canadians over 65 set to outnumber those under 15.

The new seniors are more independent, active and tech savvy. "If they figure out [Loblaws'] Click & Collect or [Longo's] Grocery Gateway today, I bet they will be prime candidates for services like this in five, 10, 15 years when they might be mobility challenged and retail technology can be a solve for accessing goods," Lomax says. "Thinking about that today, even Right: Gita, the rolling grocery robot, is one of many experiments with new delivery systems; London's Bloom & Wild fits flowers through mail slots. though they're not the sexiest group – they're not millennials – could really set up a retailer for success in the future."

There are also opportunities for retailers to partner with Google's Home and Amazon's Alexa voiceactivated assistants to provide services to seniors. Walgreens, for example, partnered with Google for online prescription renewal.

Today's seniors are working later in life but are less careerfocused and time-starved than younger groups, giving them time to explore retail spaces. Their brand allegiances aren't as obstinate as they're made out to be, Lomax says. "If anything they've got more time and tolerance to try new things."

Coffee shops and other retailers that double as social spaces could invest in an environment catering to this potentially lucrative demo, which fills tables during otherwise slow periods, she says.

But perhaps the most important purchasing group, Lomax says, is the time-starved "sandwich generation" in the 33-to-55 range, making decisions for their kids, their elderly parents and themselves. Unlike millennials and boomers, who may have more time and interest for instore experiences, the "sandwiched" are interested in efficiency.

GROCERY ROBOTS AND FLOWERS IN THE MAIL

t is no longer unfathomable, in 2017, for a robot named Gita to carry your groceries home.

While several companies experiment with robot technology to gather your foodstuffs – thus cutting down on labour costs for online grocery ordering – Piaggio Fast Forward, a division of the Italian scooter brand, is developing an "intelligent, nimble cargo vehicle" to do the lifting (or rolling, as it were).

Gita is at the far end of a growing spectrum of brands experimenting with new delivery mechanisms to establish direct relationships with consumers and address demand for instant delivery. The Hudson's Bay Company, for example, invested \$60 million to upgrade an e-commerce warehouse in Scarborough, Ont. that started operating last fall. The dystopian-sounding "robotic fulfillment centre" features 16 aisles that can hold more than one million units of inventory and process 4,200 orders every hour, a release said.

In the U.K, a flower shop has developed its own unique solution to shipping its product. The online-only Bloom & Wild offers same-day service in London and next-day across the country, using unique boxes that keep the product hydrated and are flat enough to fit through mail slots.

The boxes cut the supply chain by not relying on a courier for delivery, and eliminate the common problems of missed deliveries or ruined surprises. Orders are made on the website or on a mobile app in as little as 30 seconds, and the latter can be integrated with calendars and address books.





But it's not as simple as investing more in direct sales, or figuring out where to target e-commerce spending, says ConAgra senior omnichannel marketing manager Vanessa Sankar.

Rather than developing its own channels, the company is looking to leverage retailer platforms to build the online side of its sales. "Given the geography of Canada and how difficult and expensive the supply chain is, it wouldn't be our strategy to sell direct to consumers," she says.

Most of its work so far has been with Walmart. The retail giant has an online grocery order and pick-up service across the Greater Toronto Area and in six Edmonton stores, and in March introduced grocery delivery in the GTA through partners JoeyCo and Daily Delivery. Brands can buy media on Walmart's website, which ConAgra has done, providing a new channel to find consumers on the path-to-online-purchase. The CPG co is also experimenting with Amazon, though it wasn't ready to provide details.



A February eMarketer report about Canadian e-commerce says the major challenge is not "the principle of omnichannel or even the technology behind it," but being able to turn a profit. "The investment can be immense: big data systems, e-commerce fulfillment operations and digital platforms that provide a consistent experience across device types."

Click-and-collect programs have gained the most traction in Canada, the report says. Even a deep-pocketed pillar of Canadian retail like Loblaw is focusing on store pick-up over home

delivery. CEO Galen Weston said in a February earnings call that while his company may experiment with delivery, its research in mature online grocery shopping markets shows "a shift towards click-and-collect."

As businesses look for reliable and cost-effective ways to deliver their products, it makes sense that Canada Post, which delivers two-thirds of the country's business-to-consumer parcels, is focused on relieving some pain points. Toronto's Ove Design helped create concept stores that provide a place for smaller retailers that don't have logistics systems to drop parcels at any time.

The shops have 24/7 access, self-service kiosks, stamp vending machines, drive-thru parcel pick-up, pop-up retail units and fitting rooms to try on purchased goods and send back items that don't fit right away.

"When we talk about the role frictionless retail plays in people's lives, what Canada Post has done is realized their role is going to be a hub for enabling the e-commerce experience in general," says TracyLocke Canada VP and managing director Jason Dubroy.

The retail units in the Canada Post concept stores also give online retailers an opportunity to connect with consumers. Toronto-based online dress rental service Rent Frock Repeat, Bedface bed sheets and Ice 'N' Fire candles have all used the pop-up space.

IN-STORE PERSONALIZATION

s consumers interact more with brands online, building a community or an experience around those interactions becomes more important. Part of it is the assumption (conditioned through constant interactions with algorithms like Amazon's or Netflix's) that brands know what consumers want. Personalization is just expected, says TracyLocke's Jason Dubrov.

The result is retailers creating experiences to bring consumers into a store while still striving for the personalization and efficiency of online shopping. "The promise of true omnichannel retail where

TRIMMING THE (PACKAGING) FAT



ConAgra is taking on a source of 21stcentury shame: the "bottle graveyard," as senior brand manager for grocery Ryan Fowler puts it. "You open any

millennial's fridge and you're going to see 20 bottles of half-opened sauces."

VH

Consumers are growing more sensitive to waste - both food they don't eat before it expires and the packaging it comes in creating opportunities for brands to develop smaller product formats with less packaging. More consumers have a stronger sense of social and environmental responsibility, rejecting "throw-away culture" and adopting elements of the sharing economy and a

more minimalist lifestyle, says Joel Gregoire, senior food and drink analyst at Mintel.

ConAgra, maker of VH Sauces, has been experimenting with formats, introducing smaller packages at lower-risk price points. It first introduced pouches in 2015 as a smaller alternative to bottles, aimed partly at millennials, who are more sensitive to food waste. Last fall, it ran a campaign called "Less Commitment," contrasting its pouch format with more dramatic life decisions.

The brand now offers seven SKUs in the pouch format, after adding four new ones in 2016. Sales for the pouches have grown 84% year-over-year, gaining 15 points in the "perfect for two" segment and making VH the market share leader at 38%, Fowler says.

But the movement against waste is also taking on a more revolutionary form.

In Europe, there are dozens of grocery stores, such as Berlin's Original Unverpackt or the Granel chain in Spain, committed to pre-cycling. These curated stores limit consumers' options: rather than choosing between seven brands of packaged penne, for example, the stores stock one, packagefree. Consumers bring their own reusable containers, weigh them in advance, and fill them with rice, coffee, olive oil, etc., paying for what's inside and eliminating packaging debris altogether. The Berlin store even stocks chewable toothpaste pellets, cutting out the carton and the tube. The idea is that consumers buy only what they need, reducing food waste.

Similar store formats are popping up in North America. Méga Vrac and Loco opened in Montreal last summer. as did Green on B.C.'s Salt Spring Island; Nu Grocery will be opening soon in Ottawa; and Zero Waste

Opposite: The Vitamin Shoppe's redesign includes space for consultations with employees. **Right:** The Amazon Go convenience store concept is among the most advanced experiments with checkout. mobile, hyper-personal and datainfluenced transactions [are] brought to life with theatrical experiences in-store is reshaping retail," Dubroy says.

Surmesur, founded in Quebec City in 2011, provides a mix of in-store personalization with the convenience of online shopping. Customers go in for a fitting with an expert tailor, but they can do the design work themselves, using digital screens in stores to choose fabrics, cuts, colours and patterns. Once they're measured, their profile is set and all the personal designing and purchasing can be done online.

This more personalized experience isn't restricted to fashion. Retailers in the health and food categories are also adding value for consumers visiting their stores. Toronto-based design agency Jackman Reinvents recently helped U.S. client The Vitamin Shoppe position itself as the purveyor of wellness journeys, redesigning its shop to enable consultations with employees – who become more like coaches – and differentiate itself from retailers like Amazon and Walmart that sell health products online.

The store layout took on the feel of a drugstore version of the Apple Genius Bar: the brand added seating areas for consultations with staff and other features like a juice



machine to fill growlers, while simpler navigation with more aisle space and colour-zoned product categories offer an easy experience for those wanting to get in and out, similar to online shopping.

The brand also invested in digital tools to provide product information and collect customer data to make the experience more personal. Customers spent almost twice as long in its test store, and sales grew by 26.7% in a three-week period. Now The Vitamin Shoppe is rolling out the design to 15 new stores this year, and remodelling another 10 to 15.

Toronto agency Shikatani Lacroix gave food retailer M&M a makeover last year with some similar elements. The new look – which did away with the old service counter to open the store up and display products colour-coded by category – was aimed at millennials.

"The store environment, where you're really buying off a flyer, wasn't conducive to a sense of discovery, a sense of experimentation," says president Jean-Pierre Lacroix. "So the store experience had to allow the customer to be in control of the buying decision."



Market, which has been running pop-ups in Vancouver for the last 16 months, will open a permanent location in the fall. Bulk Barn is also getting in on it, introducing its own reusable container program across the country after a pilot program in Toronto.

"I don't think it's a trend," says Brianne Miller, the former marine biologist who co-founded Zero Waste Market. "I think it's a pattern of consumption that hopefully sticks around as people become more aware of their purchasing decisions."

She's run about 20 pop-up shops at Vancouver markets and a Patagonia store (leveraging the apparel brand's conscious consumer) over the last year-and-a-half, using them as a testing ground before investing in a permanent space. It's "a big ask in a society where people depend on efficiency and convenience, especially when it comes to groceries," she says.



She's also used the pop-ups to track customers and build a community around the store. The POS system, which recognizes returning customers through payment card information, shows a growing number of returnees and increasing basket sizes, she says. The brand has also used researchers at the pop-ups to observe customer behaviour, from how they interact with the bins to what containers they bring to the store and how they're transported.

The company is also building a community movement around its values. It's used social

media for this, with Zero Waste Facebook groups in Vancouver (roughly 2,500 members), Toronto, Montreal and Ottawa. The groups are non-branded, featuring general discussions around the topic of zero waste and not used to push the store's own messaging (it uses its own branded social channels for that), but Miller says they've been useful in building awareness and receiving information about products and other ideas.

The challenge for zero waste stores comes down to practicality, Gregoire says.

"Time and the subsequent demand for convenience are a larger hurdle for the movement. While the ideal for most is to eat fresh, the reality is that when consumers are time pressed, pre-packaged options, which inherently have more waste, offer value – not to mention concerns around product safety," he says. M&M also used the colour-zoned categories and packaging to make it easier to distinguish between hundreds of products in a small footprint, physically mirroring online shopping's search filters. Employees were freed from behind the order counter and transformed into "meal consultants," while packaging emphasized what was unique about the products.

Dutch retailer Reclaimed Jewels also took a page from the online shopping world's depth of product information. The store near Amsterdam, which sells unique new and used jewelry, prioritizes storytelling, pinning little histories (some very personal about previous owners) to the displays. And to outdo online shopping, the jewels are uncharacteristically accessible: 70% of the products are in open displays, allowing customers to touch and try them on.

LESS FRICTION, MORE TRANSACTIONS

s much as personalized service and a sense of community can build brand loyalty and get customers to stores, it can all be lost if the experience is a frustrating one. Consumers expect frictionless shopping, online and in stores, where "transaction speed is a direct correlation to positive customer experience," says TracyLocke's Jason Dubroy. "The faster you can get someone to buy something, the more they will typically buy." The most futuristic version of this is the Amazon Go convenience store



tip and pay from their phones.

Above: Dutch retailer Reclaimed Jewels displays its items openly for customers to try on, with histories of the pieces attached. concept, a cashier-free shop where consumers scan an app on the way in and are tracked by multiple cameras. The "Just Walk Out" technology automatically adds the items shoppers take from the shelves to their digital carts, charging their Amazon account: "No lines. No checkout," as the brand boasts. A store has been operating in "beta mode" for its Seattle employees but its plan to open a pilot in early 2017 was delayed due to reported glitches.

A company called Wheelys is also testing a checkout-free concept in Sweden and Shanghai.

Some Canadian startups are working

on the puzzle of making in-store payment easier (and faster) with new tech. The Toronto Ritual app is focusing on takeout, partnering with restaurants to streamline ordering and pick-up into a simple, one-step process. Vancouver's Glance Pay is looking to do the same for dining in – it too is partnering with local restaurants to allow diners to confirm their bill, add a

Some bigger brands, like Boston Pizza, are working on their own solutions. The chain is testing ways to cut out the post-meal wait by allowing customers to pay via its MyBP app before leaving the restaurant.

San Francisco-based Oak Labs, founded by former EBay executives, is taking on payment and fitting room shortcomings all at once. It has designed a mirror that allows shoppers to purchase items by waving devices with Apple Pay or Android Pay in front of it. The mirror reads radio-frequency ID tags on clothes and then features the items – along with complementary pieces – on a touchscreen that's part of the glass. Shoppers can use the screen to request different sizes, with the message going to salespeople's mobile devices. If the right size isn't available, they can order it from the screen for delivery. The mirrors cost USD \$25,000 (plus a monthly software licensing fee) to buy or \$7,000 to \$9,000 per year for a fiveyear contract, Bloomberg reported.

Shikatani Lacroix's Jean-Pierre Lacroix sees this kind of technology (which is similar to Tesco's "Scan As You Shop" system) making its way into grocery stores, with consumers being able to scan a barcode on an empty shelf and have the out-ofstock item delivered that day.

While more stores move to selfcheckout (Shoppers Drug Mart plans to roll out the service to 140 stores this year after a successful Toronto pilot, and Loblaws is experimenting with self-weigh stations for produce to cut down on lineups), Lacroix calls it "an interim step." The benefits for retailers of simplifying or eliminating checkout altogether (through RFID tech and mobile wallets) include "reduced labour costs, more loyal customers, more sales," he says.

Vancouver's Zero Waste Market (see pg. 18) is also taking its checkout technology seriously as it plans its first permanent location to open this fall. Founder Brianne Miller says the store is developing a "digital system to allow people to essentially check out with their own containers," though she's not ready to provide details at this point. "That's definitely how we're going to differentiate ourselves," she says.

All this tech may have its own ROI. Matt Hessey, architectural director at ZAS Architects, the firm handling the project, sees that as a potentially modular innovation that could expand across the package-free space. "If she can create a model that works in terms of people coming in, using their own containers, interact with the point of sale in a convincing and effective way, it obviously has the potential to be exported to other businesses that might be interested in a zero waste model," he says. **S**



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The well-worn marketing maxim "Sell the problem you solve. Not the product" got more mileage at this year's Shopper Innovation Awards. The winners list features campaigns that identified a specific challenge – whether environmental, social or commercial – and tied the brand to its resolution.

Grand Prix winner General Mills identified the declining bee population as a natural cause for its Honey Nut Cheerios brand to take up, making creative use of mascot Buzz and distributing millions of wildflower seeds.

Multiple winner Wrigley built a campaign around redistributing unwanted Christmas gifts with its "Skittles Holiday Pawn Shop," while Cineplex offered its entertainment as the salve for the overwhelming holiday rush. Expedia and Rethink Breast Cancer, meanwhile, developed new products to eliminate pain points for their respective targets.

The Shopper Innovation Awards, judged by a panel of experts (see p. 38), celebrate the breakthrough work between brands and retailers. In all, 19 programs were recognized at this year's SIA gala, held in Toronto on May 4 during *strategy*'s two-day Shopper Marketing Forum.

A new award was handed out for the first time: the Retail Innovator of the Year, recognizing innovation in-store, within the company, and throughout a brand's marketing communications. The inaugural winner is Sephora (p. 35).

Read on to see the best of shopper marketing in Canada from the past year.





The cause effect

General Mills' Honey Nut Cheerios brand was sitting on marketing gold. It was just a matter of recognizing the powerful symbolism in its brand, tying it to the appropriate cause, and then trusting that absence does indeed make the heart grow fonder.

The brand took up the cause of disappearing bee populations by removing its own iconic mascot, Buzz, from cereal boxes. The "Bring Back the Bees" campaign's extraordinary success in raising awareness and boosting



After

sales earned it this year's Grand Prix.

"Post-launch, everyone's like 'Well of course, that makes total sense,'" says Jason Chaney, chief strategy officer at Cossette, of the strategy. "But leading up to the creation, that wasn't necessarily the case. A lot of people thought consumers were afraid of bees, that this wasn't going to work as a program because people just didn't care or didn't know."

Getting to the idea of tying Honey Nut Cheerios to the fate of Canadian bees is part of a familiar process at the agency, Chaney says: begin by trying to find value for the consumer and then tie it to the brand, rather than going at it the other way around.

Building a campaign around a cause wasn't the easiest sell with the company's emphasis on purpose-based marketing, he says. It took almost a year to successfully pitch the strategy. The Cossette team was able to run with it after finding that the

declining bee population was the third-most important environmental cause for Canadians.

The campaign's shopper marketing element was its cleverest: the brand used its own cereal box, ubiquitous in grocery stores and homes across the country, to spread the word. All they had to do was remove Buzz, leaving a white silhouette in the bee's place.

The campaign was pushed with an online video of people saving various animals, which directed viewers to a dedicated website where they could order wildflower seeds to plant. The original allotment of 35 million (one for every Canadian) was exhausted in week one of the eight-week campaign.

After all the seeds had cleared (115 million were distributed in all) and the flowers had been (presumably) pollinated, the campaign turned around flat sales for the brand, leading to an 11.8% increase. It was also expanded to the U.S. this year, where General Mills gave away 1.5 billion seeds in one week (though the brand met with some blowback when news articles wrote about the risk of planting non-native species).

"They kept the balance between the really important corporate social responsibility and [brought] it all the way down to the shelf and on a box of cereal," says SIA co-chair Wes Brown, VP of brand management for retail at Loblaw. MB

THE HARDWARE: General Mills (Honey Nut Cheerios) "Bring Back the Bees" by Cossette Grand Prix, Gold Integration, Gold Original Idea, Gold Reinvention



For full credits for all cases visit strategyonline.ca

How to hijack the holidays

It's always open season on snacks and silver screens. So certain times of the year – when consumers are focused on the seasonal noises and traditions – finding a way into the consideration set requires ingenuity. From the day of love to the season of gift giving, Doritos, Skittles







and Cineplex navigated a blizzard of activity to forge holiday connections.

At Christmas, there are more festive chocolate boxes than coloured candy in stockings. Skittles wanted to change that and be considered more often during the season, when traditional treats typically take over holiday advertising. So, the candy maker did what any brand would do to help 75% of Canadians who say they've had their hopes dashed by at least one bad holiday gift: it turned their sour goods into sweet trades.

Opened for only five days, starting on Boxing Day, the Skittles Holiday Pawn Shop bailed people out of having to store Christmas fails by trading them for candy.

Thousands came to pawn and plenty shared photos of store shelves filled with unwanted goods on social media. Those who were stuck

with lame gifts, but unable to make it to the Toronto shop, could trade for Skittles coupons online. Even Canadian vlogger Lilly Singh visited to create a video post about "The Time I Went to Skittles Heaven."

Skittles' take on the traditional pawnshop, created

with the help of BBDO, MediaCom and Harbinger, gave 3,300 unwanted items to charity and dished out more than 52,000 packs of candy.

Taking a decidedly less droll approach, Cineplex used the power of emotional film to stop shoppers in their tracks during the festive frenzy.

Deemed to be the busiest time of year for shopping centres, the holidays are also about spending time with family. Cineplex recognized this and created a short animated film that encouraged people to "See the Big Picture," stop and take a break at its cinemas with loved ones.

The creative, developed by Zulu Alpha Kilo, features a young girl, Lily, and her snowman. It shows how, over the years, day-to-day life got in the way of their friendship, distancing the two until one day Lily decides to rekindle it by visiting him with her daughter.

By resonating emotionally and helping Cineplex stand for something more than utility, the film made December 2015 a record month for the brand, with a 24.7% increase in ticket sales. Cineplex.com visits also jumped 51%.

And finally, while not centred around Christmas cheer, Doritos' program for its Ketchup chips also attempted to own more share of voice (and sales) during a particularly noisy event: this time Valentine's Day, a period when brands typically focus on what women want, but don't necessary think of men.

Doritos created a gift that girls could give guys (with a particular focus on millennials) on the day of love, developing the first-ever bouquet of its Ketchup chips.

Promoting the limited-time flavour through the Doritos Ketchup Roses enabled the brand to reach a broader audience, grow baseline sales by 8%, and achieve a repeat sales rate of 30%. The program was promoted primarily through social media with a mix of content, such as an infomercial-style video that invited people to order a bouquet online, and even showed viewers how to make their own at home. JH

THE HARDWARE: PepsiCo (Doritos) "Ketchup Roses" by BBDO Gold Made a splash! Seasonal/Event Success, Gold Original Idea, Gold Path to purchase/out-of-store // Wrigley (Skittles) Holiday Pawn Shop by BBDO Gold Made you look! Awareness/Trial Breakthrough, Silver Made a splash! Seasonal/Event Success, Silver Original Idea // Cineplex "Lily & the Snowman" by Zulu Alpha Kilo Bronze Made a splash! Seasonal/Event Success



Two brands are better than one







Sometimes brands need a little help to reach an elusive target. Whether for a sprawling, tribal affiliation like Jays fans or a segment as narrow as dipping sauce enthusiasts, partnering with other brands can expand reach and sell more product.

For Expedia, it was one of those ideas that seems obvious in retrospect. But despite years of partnerships with the Toronto Blue Jays, the online travel company had never tapped into diehard fans' desire for travel packages to follow their team on the road.

Working with Grip, it found overlap between its key package markets and Jays road games. All that was needed was a centralized way to book a complete away-game getaway, so Expedia created a totally new product combining tickets, flights and stays at hotels located near ballparks in multiple cities.

The creative was targeted at baseball fans, beginning with custom social content and six online videos that made their way onto TV.

The campaign led to a 2.4% increase in transactions for the brand, and the gross booking value on the Jays landing page was 12% higher than the site's average package.

Another campaign from last summer, The Hive's "Play a Coke," also reached a target through an innovative partnership. Coke wanted a summer music promotion to reach teens, but the agency saw the concert and festival space as overcrowded. It focused on how teens were consuming music and decided to partner with streaming service Spotify, transforming the Coke bottle into a music player.

Working with Jam3, the brand built an app allowing a person to scan the bottle with their phone to bring up various Spotify playlists, 180 of which were compiled with help from Supergroup Sonic Branding.

"The reason it worked is there was a real value proposition – the fact that you're getting 20 songs to listen to seems like great value for buying a Coca-Cola, as well as adding to the mood of the occasion," says Trent Fulton, partner and managing director at The Hive.

The campaign helped the brand gain nine points in market share and increase its favourite brand score by four points over the previous year.

Interac, too, used partnerships as a way to compete against credit cards offering all kinds of rewards for transactions. The payment service created a special donut with Tim Hortons, free for those who used their Interac card to make a purchase. It offered Cineplex customers a free upsize; there was a free charity donation for Beer Store denizens; and Pizza Nova diners got a bonus dipping sauce.

At the higher end, Winterlicious influencers in Toronto were invited to an experiential "Dinner in Black," promoting Interac as the foodie event's payment option. MB

THE HARDWARE: Expedia "Expedia Blue Jays" by Grip **Gold Partnering**, **Gold Changing Behaviour** // Coca-Cola Canada "Play a Coke" by The Hive **Bronze Tech Breakthrough** // Interac "Be in the Black – Instant Gratification Program" by Zulu Alpha Kilo **Bronze Changing Behaviour**



Donations with benefits

Donating to a cause is meant to feel good: a dopamine rush, the chance to bask in altruism's warm glow. But charities can't just rely on emotional creative to generate warm fuzzies. To reach younger consumers, SickKids and Rethink Breast Cancer had to provide something more tangible for donors: an instant happy ending for SickKids, and a thoughtful, cheeky gift for Rethink.

For the cancer charity, Lg2 designed a product line that stood out from the "pink-washed" campaigns that often have little to do with the women who have the disease, says Nellie Kim, a partner, VP and CD at the agency.

The "Give-A-Care" campaign's inspiration came from the charity's 10-step guide for women who have just been diagnosed. It could have used a digital video or an app, Kim says, but by "using uniquely designed products, we could extend the shelflife of this message for these women." The products, co-branded with companies including Aveda and H&M, were designed for the women who use them: "I'm-tireddehydrated-and-cranky-so-don'tgive-me-any-of-your lip balm" or "chemo-sucks-but-at-least-no-one'sjudging-me-for-living-in-my hoodie."

They were sold online, with a digital, social and print campaign using the tagline "Give her what she really needs" driving to the site. Donors came away with a thoughtful gift for a loved one, who in turn had a useful product designed for them.

SickKids also tried to offer its next generation of target donors something tangible and immediate. The charity asked Cossette to drive donations by re-purposing content from J. Walter Thompson's 2014 award-winning "Better Tomorrows" campaign, which told the stories of 45 children. The agency's research revealed millennials' desire to see a direct impact from their donations, right away. "What we found was that, as a positive outcome felt more tangible, i.e. the closer we could help people believe that SickKids was to finding a solution, the more likely they were to donate," says Kevin McHugh, director of strategy at Cossette. "We were trying to age down. Millennials hate delayed gratification," so the campaign tried to create an immediate feeling of success.

The emotional pitch was based on how kids' lives are essentially on pause during hospital stays. Viewers could watch the start of a video about a SickKids patient, but the story was paused partway through until they donated to the hospital online. Rather than just the traditional "thank you" from a charity, donors instantly witnessed positive results by seeing the child's progress from the previous year.

The "Life Unpaused" campaign led to a 20% increase in online donations from the previous year, and a record donation total overall. **MB**

THE HARDWARE: SickKids Foundation "Life Unpaused" by Cossette Gold Small Budget/Big Impact, Silver Original Idea, Bronze Tech Breakthrough // Rethink Breast Cancer "Give-A-Care" by Lg2 Bronze Packaging



When banner ads stalk for good

You only annoy me

when you're breathing.

Online advertising has its own breed of bully. To distinguish itself from other charity campaigns, the Canadian Safe School Network, with BIMM and Touché, recognized that its message was already embedded in a particular kind of media: the banner ad. The often-maligned format, known for retargeting consumers and relentlessly following them across the internet, behaved like a cyber bully. It was the perfect medium for the organization's anti-bullying message.

The CSSN targeted influencers by sending invitations to an antibullying event. Once the recipient clicked on a URL for more details, they were caught: using cookies, the campaign retargeted the influencers across sites, exposing them to as many as 60 ads a day containing messages like "You only annoy me when you're breathing," "Is that your face?" and "You have no friends."

While it made people uncomfortable, the campaign demanded attention, generating the desired media coverage and leading to a 37% increase in donations. MB

THE HARDWARE: Canadian Safe School Network "Bully Ads" by BIMM/Touché Silver Targeting



Director - International Business, Johnsonville



Ikea hacks delivery pain points

When it comes to selling furniture, making it easy for the customer is half the battle. Consumers get excited about new accent pieces and redecorating, but that enthusiasm can wane in the face of practical considerations around moving bulky goods.

Ikea confronted this potential weakness with two campaigns by Leo Burnett that used clever media to demonstrate how easy it is to buy and transport its products.

To compensate for only having 12 locations across Canada, lkea launched Pick-Up and Order Points, retail outlets for consumers to retrieve their online purchases. It promoted the new locations with a novel media buy: digital banners that show how easy it is to get there.

When planning a trip to a furniture store, consumers plot their routes, often with online tools. Ikea incorporated that step into its ad campaign. Digital banners asked users to enter their postal codes, at which point a custom banner was produced.

By using hyperlapse technology to stitch together images from Google Streetview, the retailer created a personalized video showing the route from the consumer's house to a pick-up point in the banner ad. It ended with how long the trip would take, which was most often less than 30 minutes.

The banners' engagement rate was three times the industry standard and the campaign exceeded sales goals by 15%.

In another campaign built around innovative media, the retailer again promoted the ease of shopping at Ikea, and especially of transporting its products, in a campaign around Quebec's Moving Day. The annual event, which sees thousands in the province move every July 1, has been thoroughly mined by marketers in recent years (Taxi's furniture coupon campaign for Leon's picked up SIA wins last year).

To promote its sale the week before Moving Day, Ikea convinced people to buy furniture before moving by showing off its products' compact packaging. Rather than hauling clunky furniture to a new apartment, on a day when moving vans are scarce, the retailer showed how easily transportable its products are.

OOH ads depicted a signature lkea flat box; the piece of furniture packed inside was sketched emerging from the box, revealing the item and highlighting the compact packing. Accompanying lines such as "Move the box. Unpack the cabinet." drove the point home.

The campaign also included interactive banners, TV crawlers and social media ads, all featuring visuals that showed how the products collapse into neatly packed flat boxes. The campaign led to a 31% increase in store visits the week leading up to Moving Day, increasing sales by 36% - a gain of 6.7% from the previous year's campaign. MB

THE HARDWARE: "Ikea Pick-Up and Order Point Hyperlapse" Gold Out-of-the-box retail // "Ikea Moving Day" Silver Path to purchase/Out-of-store, both by Leo Burnett

You are 22 minutes from the new Pick-up and order point.







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How to keep it fresh

It's one thing to conceive and pull off an attentiongrabbing campaign built around an elaborate experience or novel tech. It's another to extend its shelf life, tweak the creative and find new variations to keep it fresh, all while continuing to capitalize on the same insight.

In their duel for hockey supremacy, Molson Canadian and Budweiser keep upping the ante. Fortunately, at the Shopper Innovations Awards, both brands are winners.

After building a hockey rink in the Rocky Mountains in 2015, transporting contest winners (and the Stanley Cup) by helicopter to play on it, Molson kept things more central for its follow-up campaign in 2016.

Building a "Rooftop Rink" on top of a downtown Toronto skyscraper had the benefit of accessibility (hockey fans could rent it out for \$2,000 an hour) and PR, with the structure generating buzz in local news before the brand had announced its plans.

"Now more than ever, while a client may want to talk about a particular aspect of what they do, if it doesn't overlap with what the audience actually cares about, it's very hard to break through and have that work be shared and noticed," says Ian Grais, founder and CD at Rethink, the agency behind the program.

The sweet spot, in this case, was hockey. But for Molson's other Gold-winning campaign, it was diversity.

The brand and Rethink tweaked its campaign from a fridge that opens only for Canadian passports or

when someone sings "Oh Canada" (in 2014) to one that opens when "I am Canadian" is spoken, in six different languages, into a built-in speaker.

The new "Beer Fridge" campaign coincided with a wave of intolerance in many Western nations, punctuated by the U.S. election, making for a powerful and enduring brand statement.

Starting with a good idea also meant free help on the tech, says Rethink partner and CD Chris Staples. Molson used Google's translation API at no cost because the Silicon Valley giant was "curious too," he says.

Budweiser has also managed to keep innovating the tech on its groundbreaking Red Light (an internetconnected hockey goal light that flashes when your team scores), which launched in 2013.

After moving from the lights (sold for \$149) to a blimp to beer pitchers, the latest iteration is the "Goal-Synced Glass." The beer glasses are connected via Bluetooth to the Budweiser Red Light app, where fans select their favourite team.

Sticking with the winning formula, the red light built into the bottom of the glass flashed when the team of choice scored.

The brand gave away free glasses in Budweiser 24and 28-packs, selling an incremental 150,000 cases, aided by POS toolkits and an integrated campaign. It saw an overall 0.5% market share lift. **MB**

THE HARDWARE: Molson Canadian "Global Beer Fridge" Gold Tech Breakthrough and "Rooftop Rink" Gold Targeting, both by Rethink // Labatt Breweries of Canada "Budweiser Goal-Synced Glass" by Hunter Straker Bronze Integration



Focus-group-generated content



With all kinds of data points now at retailers' disposal, focus groups are losing their pride of place. But what if that process were reimagined, becoming not just a research tool but also an experiential event, a media taping and an ad – essentially a whole campaign built around consumer testing? Walmart pulled this

off with its "Toy Testers" campaign for the 2015 holiday season. To distinguish its toy department from other retailers' at that crucial time of year, the brand invited 500 families to a testing event with more than 100 unreleased toys. With cameras fixed on the hundreds of kids for a special media partnership with YTV, the enthusiastic testers helped the retailer vet and rate the products for an authoritative Top 20 Toys list that parents could trust come December.

But the event, which was filmed and repurposed into two 30-minute specials on YTV, also provided the creative for a six-month integrated campaign that included flyers, unboxing videos, TV and digital spots, blog posts on YTV and Yummy Mommy Club, and toy profiles online.

More than a million viewers tuned in to the YTV specials, and the campaign delivered more than 50 million total impressions. MB

THE HARDWARE: Walmart Canada's "Toy Testers" by Traffik Bronze Partnering



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Reinvention through brick and mortar



1903 HATELY DAVIDSON CARE

> Seeing truly is believing. After years of being considered a "dusty phone book" or "something my grandfather would buy," the Yellow Pages and Harley-Davidson found that getting folks to physically experience their brands differently could re-shape public opinion.

> When the Yellow Pages decided it was time to change its stodgy brand image for small-to-medium-sized business owners, it turned to its staff (and agency Leo Burnett) for help. The brand needed to convince entrepreneurs that it's a legitimate, modern-day provider of digital marketing services. So, it put its money where its mouth is, and created its own digitally marketed business: The Lemonade Stand.

It kept budgets small, and only promoted the lemon bakery with Yellow Pages products and services. Because its competition (such as Google) relies on automated services, the Yellow Pages decided to use its team of real-life advisers (of which there are 1,000) to design the Lemonade Stand retail space in downtown Toronto, as well as all of the lemon product packaging and promotional material.

"We knew this was going to be great at the idea stage," says Leo's CCO and CEO Judy John. "Creating our own small business was a surprising way to show-andtell the Yellow Pages business-to-business capabilities. It was the incredible combined effort of creative, design, digital and production that made this happen."

When The Lemonade Stand opened its doors, 1,600 cheesecakes, muffins, pies and other lemony treats were sold within the first seven days. Shoppers lined up outside the door on a daily basis. And, more importantly, 31% of small-to-medium sized business owners said they're more likely to contact Yellow Pages for its digital marketing services, as 46% now see the company as a credible supplier as a result of the fourweek program.

Harley-Davidson also decided it was time for a change in scenery when it found a perception problem of its own. The millennial cohort it was courting didn't think of the brand as being very youthful. They prefer to zip around the city, not really cruise through the countryside as their grey-haired elders might. To change this perception, the brand needed potential new riders to feel what it's like to sit on a Harley – even if it was just stationary.

With Harley dealerships lacking in urban hubs, the brand built a new type of showcase centre, one that came with café-style seating, artisanal drip coffee, local artwork, a meeting spot for group rides, and even wrenching (basic bike maintenance) workshops.

The "1903" café opened during the 2016 riding season with the help of agency Zulu Alpha Kilo. It was promoted using wild postings, printed using the café's own coffee grinds as ink. The concept was reminiscent of 1960s café race culture (something the brand is witnessing in today's younger, more urban riders), and it expressed Harley's values of authenticity, craftsmanship and community.

"People need to engage with the brand on an emotional level. And for us, that includes engaging with our motorcycles," said Anoop Prakash, managing director of Harley-Davidson Canada of the store, when it debuted in June. "If they have an opportunity to feel the rumble of the engine, they'll better understand the emotional connection." JH

- With files from Josh Kolm

THE HARDWARE: Yellow Pages "The Lemonade Stand" by Leo Burnett **Bronze Packaging** // Harley-Davidson Canada "1903: A Harley-Davidson Café" by Zulu Alpha Kilo **Bronze Reinvention**



Reframing the issue wins new patrons

In early 2016, children in Rwanda made the walls of a gallery retail space in Toronto their own. Where Yorkville residents were used to seeing and purchasing the work of world-renowned artists, rows of paintings by the children hung as part of World Vision's "The Watercolour Project."

While ads creating awareness for the 663 million who don't have access to clean water

typically show negative imagery, the organization decided to take a different,



more positive tack with its program. Instead of just focusing on the health benefits of clean water, the impetus was to also show the opportunity that wells provide: the chance for children to go to school and realize a future they might not otherwise have.

So, while visiting Gashoro, Rwanda last year, the organization (along with agency KBS) built a new well for the community, and then had

children use water from the source to create watercolour paintings. Each piece depicted

the child's dreams and aspirations, partly made possible through the well water.

The physical paintings that later hung in the retail space helped create a connection with wealthy Toronto donors, and bring the issue to light, right in front of their eyes.

During an event in March, on World Water Day, the sold paintings generated enough funds to build a new well (\$17,500) that could help 3,000 families.

What's more, four new children were sponsored by donors during the event, and the video that showed the project behindthe-scenes helped generate 8.6 million impressions, increasing traffic by 33% on the World Vision site. JH

THE HARDWARE: World Vision "The Watercolour Project" by KBS Bronze Small Budget, Big Impact

Thank you

Ange, Ives, Cecile, Farida, Legis, Alexis, Claudine, Legis, Faida, Francoise, Lilian, Rachel, Joyeuse, Liliane, Jambo, Philémon, Ibrahim, Akimana, Benitha, Chanceline, everyone else from the school in Gashoro Rwanda, and World Vision Canada

> for building a better future through your Watercolour Project. Shortlisted for the 2017 Shopper Innovation Awards.





RETAIL JUST GOT -- the-

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Makeover

Congratulations to our friends at Sephora on being named Strategy Magazine's Retail Innovator of the Year.

havas







Sephora earns its stripes

How Canadian investments led the global beauty giant to win over a devoted community.

BY HARMEET SINGH

Sephora's CF Toronto Eaton Centre location was among eight in the region to be overhauled as part of the brand's market intensification. It's been a year of makeovers for Sephora in Canada. In 2016, the global beauty retailer (with 2,300 stores in 33 countries) kicked off its "Toronto Takeover" campaign and aggressive revamp and digitization of stores across the city. It was a major undertaking, involving renovations at four locations, opening four new ones and blanketing the area with its black and white trademark, inviting consumers to "Beauty Together" with the brand.

Sephora has pulled off market intensifications around the world "but not to the degree and the impact that we saw [in Toronto]," says Deborah Neff, Sephora's VP of marketing in Canada.

Neff herself is among the retailer's investments here, joining as its first Canadian VP marketing in February 2016. Previously, marketing had reported into the merchandising team, but now the former Revlon and General Mills executive has been working on building out the department, roughly doubling it in size to 15 people across communications and social media, events and integrated marketing (marketing for Sephora.ca, meanwhile, is led out of San Francisco).

As the team has grown, so has the retailer's footprint in the GTA, where it now has 14 of its 61 stores in Canada. Last spring and summer, as its new stores opened – including its largest location in North America in midtown Toronto – the Sephora brand was omnipresent, dominating the area with out-of-home takeovers, surprise activations, pop-ups at festivals and in-store appearances from beauty brand founders and influencers. It even took to the streets on Sephora Beauty Bikes, offering custom consultations on-the-go.

It was a highly localized strategy, bringing some of Sephora's global omnichannel concepts to life in

The inaugural Retail Innovator of the Year was judged by the 2017 Shopper Innovation Awards jury and presented at the gala in Toronto. The jury scored the retailer against its innovation in-store and internally at the company, as well as its digital and CRM programs, marketing communications and e-commerce.



Sephora's in-store Beauty Studios allow shoppers to try products, a critical part of its "Teach, Inspire, Play" philosophy. Canada. According to the brand, it holds the top position among prestige beauty retailers, which includes department stores and other vendors of specialized products typically not found in drug stores.

Among the changes to its physical stores, Sephora has moved its Beauty Studios – areas dedicated to customers getting staff expertise and perks like complimentary makeovers – to the front of store. Toronto's overhauled Yorkdale Shopping Centre store now includes an area for up to 10 customers to have group beauty classes, gain access to self-guided tutorials on iPad stations or use "The Beauty Board," the retailer's shoppable gallery on a digital screen of user-generated content. Personal stations also have their own iPads, USB ports and Wi-Fi access, allowing customers to browse and share looks on the digital screen and online.

It's all part of the retailer's "Teach, Inspire, Play" – or TIP – philosophy. Sephora has long been a proponent of the open-sell environment – having customers try on and interact with products as much as possible.

The prestige beauty category can be intimidating for some and the brand's open-sell philosophy aims to break down barriers for shoppers and allow them to feel comfortable, Neff says. The retailer carries more than 15,000 products from 230 brands, including its own private label.

"The majority of our new client acquisition comes through the bricks-and-mortar before they turn omnichannel," Neff says. "Our experience and what we provide to the clients, there's nothing like that. It's only something you can really feel if you visit a store."

Even outside the TIP concept stores, digital is woven into the retail experience at every turn. For example, its Beauty Studio set-ups include Sephora + Pantone IQ touchscreens, offering the retailer's Color IQ service, a tool that analyzes the surface of a customer's skin to offer specific recommendations.

On the e-commerce side, Sephora's improvements in Canada began in 2014, when it opened its first Canadian distribution centre – a 26,012 square metre space employing 82 people. The following year, the brand eliminated import duties. Other improvements include gift card redemption and a way to personalize gift cards with customers' favourite photos.

Digital innovation is a major priority for Sephora at the global level, Neff says. The retailer has a team in its San Francisco innovation lab constantly working to bring new solutions to its stores, website and mobile app.

Over the past year, that's included the launch of Sephora Virtual Artist. Using a smartphone's camera and tech developed by ModiFace, the tool maps a user's face and allows them to virtually try on every lip colour and gloss sold through Sephora using augmented reality and accounting for skin tone. The tool was later expanded to allow users to try on false eyelashes. In the first three months in North America, the Virtual Artist grew to 3.4 million visits and 753,000 basket items. Sephora also launched Pocket Hair Stylist, a video tutorial for specific hair types, followed by product recommendations.

That ability to build a one-to-one relationship with customers and personalized experiences at a large scale is what made Sephora stand out as a Retail Innovator of the Year, says Jo-Ann Munro, CD at McCann Montreal and one of the SIA jurors.

More than that, it's been able to make purchases from within those experiences seamless, she says. With Virtual Artist, for example, each colour or eyelash style "tried on" will have an "add" button, allowing for quick and easy purchase.

"The way the tech complements the in-store experience, it's all really, really well thought out," Munro says. "They're using the right technologies at the right time and they'll be the ones onto the next technology while everyone else is playing catch-up."

Its level of community – reaching cult-like obsession for some – is what retailers strive for, and something Sephora has been cultivating for years, she adds.

For example, take its "Sephojis" – customized emojis introduced last year. Available through a free customizable keyboard, the initiative included 56 designs that could be personalized by hair colour, skin tone and makeup shade by entering Color IQ information, allowing its customers to send personalized emojis that look like themselves, along with other designs inspired by the brand's passion for beauty (think a "Crying Mascara Girl" emoji).

"To me, what it really comes down to is the personalization, the one-to-one," Munro says. "It's not a brand talking at you, it's a brand going along with you."
Bleublancrouge Bleublancrouge Bleublancrouge Bleublancrouge

CONGRATULATIONS **SEPHORA**, RETAIL INNOVATOR OF THE YEAR!

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Thanks to the Shopper Innovation Awards jury, which deliberated over comprehensive case studies to choose this year's winners.

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THE BEER NECESSITIES

OVER ITS 170-YEAR HISTORY, LABATT BREWING HAS BEEN A TRENDSETTER, A CULTURAL FORCE AND A KEY CONTRIBUTOR TO CANADA'S REPUTATION AS A NATION OF BEER LOVERS.

Above, top to bottom: Founder

John Kinder Labatt; an early print ad built brand recognition with labels; Bud Light's "Ulterior Emotions" CD from 2002 spoofed cheesy pop hits; early ads played up the beer's sophistication; Labatt 50 for après-ski; a 2015 partnership with Metallica featured band-branded cases. n a 2013 essay in *The Walrus* entitled "Under the Influence," Dr. Matthew J. Bellamy, an associate professor of history at Carleton University, documented Labatt's role in establishing a nation of beer drinkers. Beer is to Canada as "wine is to France, vodka is to Russia, tequila is to Mexico, ouzo is to Greece, and sake is to Japan," he wrote.

Bellamy explained that beer is associated with Canada not by how much we drink – indeed, our average annual consumption, 63.34 litres per person, is modest (25th in the world) compared with major beer-quaffing nations like the Czech Republic (142.6L) and Germany (104.7L) – but the way we drink it and imagine it.

"It is what [French literary theorist] Roland Barthes terms a 'totem drink," Bellamy wrote. "Just as a primitive totem united all who worshipped it, so it is with our beer: We drink, therefore we are."

It's hard to qualify Labatt Brewing's specific contribution to Canada as the brand celebrates its 170th

anniversary, but academics, historians and marketing experts agree it has been instrumental in making beer synonymous with Canada (and vice versa).

Today, the company founded by an Irish immigrant named John Kinder Labatt 20 years before Canadian Confederation, is part of the global beer conglomerate ABInBev – whose more than 500 beer brands generated worldwide revenue of US\$45.5 billion in 2016.

Andrew Oosterhuis, director of marketing for Budweiser, Kokanee and value brands at Labatt, says the company's brand portfolio – consisting of about 60 brands encompassing roughly 600 SKUs – is a major factor in its continued success. In addition to homegrown brands like Labatt Blue and Labatt 50, they include the international behemoth Budweiser (the world's 25th most valuable brand in 2016 according to Forbes, with a brand value of US\$23.4 billion); its sister brand Bud Light; and Corona, one of the best-selling premium imports in Canada.

170 YEARS OF SELLING SUDS

LABATT BREWERIES HAS BEEN ONE OF CANADA'S MOST AGGRESSIVE AND INFLUENTIAL MARKETERS OVER ITS HISTORY. HERE ARE JUST A FEW OF

1968

1959



Labatt introduces its first TV commercial, "Campout," in support of its Labatt 50 brand. The spot shows a bunch of cowboys relaxing after a hard day at work.

1961 Canada's first sports/media sponsorship is established, as Labatt becomes the national

sponsor for all Canadian

> Football League games.

The famous Blue Balloon debuts (although it's red at the

time). The balloon remains a

symbol of Labatt's flagship Blue

brand through the mid-1980s.

Labatt takes its association with sports to a new level, acquiring a 45% stake in the Toronto Blue Jays.

1976





Labatt launches the country's first "Don't Drink and Drive" campaign, ultimately leading to the "Know When to Draw the Line" platform.

Befitting its size, Labatt employs a broad range of agency partners, with Anomaly (Shock Top, Budweiser, Bud Light); FCB (Labatt Ultra); Union (Alexander Keith's) and Grip Limited (Kokanee and Busch) responsible for creative; UM overseeing media; Veritas and Media Profile handling PR; Hunter Straker overseeing trade marketing; Mosaic handling experiential; and Marks (formerly Blackwell Design) responsible for package design.

There are enough challenges to keep major brewers like Labatt hopping, as Canada's beer industry continues to be reshaped by a combination of changing consumer tastes and increased competition.

Beer accounted for 42% of Canada's \$9 billion in alcoholic beverage sales in 2014-15, according to StatsCan, down from 47.9% a decade earlier. And while the growth rate for Canadian beer has been essentially flat at 1.1% over the past decade, imported beer sales have increased an average of 6% a year during that period.

The big brewers are also increasingly challenged by the craft beer community, which continues to grow in size and influence. Canada boasted 644 licensed breweries in 2015 according to Beer Canada, more than double the amount (310) from just five years earlier.

According to a February report from the Ontario Craft Brewers, the industry has been experiencing sales growth "in the teens" for the past several years, while craft beer is the fastest-growing segment within the LCBO's beer category - with growth of between 20% to 30% a year. The industry also expects to benefit from the province's recent introduction of beer to grocery stores, although Ontario Craft Brewers says it's too early to determine the impact.

As a result of the current competitive landscape and shifting consumer, Labatt is continuing to add to its

beverage portfolio, as evidenced by a pair of recent deals: A \$350 million deal with the Mark Anthony Group of Companies in 2015 that added the Mike's Hard Lemonade and Okanagan Cider brands to its portfolio, as well as the acquisition of Toronto craft brewer Mill Street Brewery the same year.

And according to a June 2016 report from Euromonitor, Labatt controls an estimated 44% of the Canadian beer market (its main rival, Molson Coors Canada, controls an estimated 35%), thanks in part to its ongoing merger and acquisition activities and the continued success of its major brands.

Anomaly partner and CEO Franke Rodriguez credits the brewer's willingness to embrace unconventional ideas - such as the Budweiser Red Light or 2012's Winnipeg Jets Fan Brew, which celebrated the NHL's return to Winnipeg with an LTO beer that used water sourced from three rivers surrounding the city - for its sustained success. He says the Fan Brew is emblematic of Labatt's approach to marketing.

"It was something laden with challenge and risk," says Rodriguez. "Imagine you're the legal department, saying 'Hang on a minute, you want to take water from where?' I think eight out of 10 clients would say, 'Really cool idea, but no way.' But Labatt went 'Yeah, let's do this' in the belief that it was a cultural moment."

As one of Canada's heritage brands, Labatt is also defined by its contributions to culture. "A lot of [Labatt's early] advertisements were kind of a litmus test for what was happening in Canada at that time," says Amanda Oliver, an archivist at the University of Western Ontario (UWO). "Canada's evolution is definitely paralleled in Labatt's evolution as a company."

Labatt's history is also dotted with marketing and product innovations - including Canada's first

ITS MARKETING MILESTONES.

1996

"Tattoo" (by Agency59) becomes one of the most beloved commercials in the brand's history. It focuses on the perils of over-indulging, with a man drunkenly getting a massive back tattoo bearing the name of a girl he met the night before ("Cheryl"), accompanied by a heart and a giant teddy bear.

COPERIOR

1998

Labatt launches the hugely successful "Out of the Blue" campaign by Ammirati Puris Lintas. Its signature spot is "Street Hockey," which depicts an impromptu game of road



2004

"History," by Downtown Partners and later adapted for the U.S., introduces the fictitious Bud Light Institute.

2013

The branded Budweiser Red Light illuminates and emits a sound when the owner's favourite NHL team scores a goal. Despite a hefty \$159.99 price tag, Labatt says it has sold more than 60,000 units. Apple's former chief evangelist Guy Kawasaki tweeted it was "the best marketing idea ever."

twist-off cap and Canada's first longneck bottle (replacing the "stubby" that had symbolized Canadian beer since 1962) – and enduring associations with both sports and music, including its sponsorship of the Canadian Football League and the 1972 Summit Series, as well as its later ownership of the Toronto Blue Jays.

A CULTURAL FORCE

From its iconic 1959 "Campout" ad for Labatt 50, to its later "Out of the Blue" brand positioning, Labatt's marketing has created an indelible impression on Canadian culture.

In 2016, TIFF selected "On est six millions faut se parler" – a 1975 ad for Labatt 50 created by BCP – as one of the 150 essential works in Canadian cinema history, while in 2015, *Sports Illustrated* named Budweiser's "Flash Fans" the greatest hockey commercial ever.

David Kincaid, founder, president and CEO of Toronto's Level5 Strategy Group, spent more than a decade in senior marketing roles with Labatt from the mid-1980s through the early 2000s, and experienced first-hand the company's ability to dominate the national discourse.

His arrival coincided with a loosening of government restrictions regarding beer advertising, enabling major brewers like Labatt and archrival Molson to create truly national campaigns for the first time.

Those were heady times for the beer companies, who trailed only the federal government in annual ad spend – albeit with way more cultural cachet. Few may have cared about ads promoting changes to tax policy, but any new beer campaign would instantly become part of the national debate.

"I'd launch a new campaign and see how long it took for *Second City* or the *Royal Canadian Air Farce* or *The* *Kids in the Hall* to create a spoof," says Kincaid, who oversaw the creation of award-winning campaigns including "Out of the Blue" and the "Bud Light Institute" during his time with the company.

"Everything we [put out] really created an identity for Canada, because it was very risky, innovative and fresh," he adds. "There were no other categories producing that quantity of advertising, let alone with that kind of brilliance and creativity."

Labatt also prided itself as being a trendsetter, often the first to try new production techniques or experiment with then-innovative media applications like 15- and 60-second spots or more daring concepts such as Grip Limited's 2012 feature-length "commercial" *The Movie Out Here* for Kokanee (the title echoing the brand's long-time positioning, "The beer out here"). The B.C.set movie was credited with driving a 6% increase in market share for the beer.

Kincaid says that in some ways Labatt failed to take full advantage of its immense marketing clout in those days by not paying enough attention to creative strategy. "It was 'Let's just come up with something cool," he says with a laugh.

But Labatt's imprimatur on Canadian culture goes beyond mere marketing, including ownership of the Toronto Blue Jays and sports specialty channel TSN, as well as its efforts around responsible drinking. According to Bellamy, the latter – which remains a key plank in Labatt's go-to-market strategy – "cemented moderation among our national values."

Labatt's advertising history is also filled with firsts: from the first print ads to use facsimiles of labels (thereby increasing brand recognition) in 1875, to 1961's sponsorship of televised CFL games (marking the first all-Canada media/sports association).







Above: Stella Artois' 2015 Sensorium, a 70-foot-tall geodesic dome in Toronto, played up the brand's premium positioning; Kokanee's Peak Brew was made with snow from some of the country's highest peaks; a scene from the 2012 featurelength Kokanee "commercial" *The Movie Out Here*. In 2015, its Budweiser brand embarked on the firstever alcohol partnership with heavy metal legends Metallica. It consisted of a special limited-edition beer billed as being infused with sounds captured from the band's inaugural performance at Quebec City's new arena, the Videotron Centre.

The LTO featured a Metallica-branded Budweiser case, complete with black beer cans emblazoned with the lightning visual from the band's influential second album, *Ride the Lightning*. The marketing initiative contributed to a 2.9% jump in market share for the brand, while cases of the Metallica beer sold out within days (they quickly turned up on eBay selling for up to \$100 a case).

BRAND-DRIVEN MARKETING

Earlier this year, Oosterhuis spent a couple of weeks immersing himself in Labatt's storied history – and immediately spotted parallels between the company's past and present.

"It was very inspiring to see how this brand and company was built, and interesting to see some of the challenges that John Kinder Labatt faced in the late 1800s are very similar to the challenges I face today, in terms of making a connection and building a brand with consumers around trust and the quality of the product," he says.

UWO archivist Oliver says Labatt was a brand-driven marketer long before the formal designation existed. The approach dates back to the late 1800s, when the brand began running newspaper ads that promoted not just the company, but specific products – such as Labatt's India Pale Ale and Brown Stout – that had enjoyed success in various international brewing competitions.

John Kinder Labatt's son, John Labatt II, began cultivating recognition for Labatt's products by entering them in brewing competitions held at world fairs and other expositions, leading to awards at competitions as far afield as Australia, Paris and London.

"Brewers came from around the world to participate," says Oliver. "Labatt was able to prove the quality of its products by winning so many awards."

These early ads tended to play fast and loose with the truth, with one billing Labatt products as "the most wholesome of beverages for general use, and without superior as nutrient tonics." The purple prose went on to proclaim that "connoisseurs and physicians throughout Canada" recommended its products, while urging would-be customers to read the testimonials of "eminent chemists."

Labatt began featuring facsimiles of its labels in print ads, a bold practice for the time period (which bears resemblance to current day shopper marketing) that helped distinguish it from the era's primarily textbased ads.

Around this time, Labatt also worked tirelessly to associate its products with sophistication and respectability. A print ad from around 1894, "Two Gentlemen in the Parlour" – which has the distinction of being among the first colour ads in Canada – depicted two gentlemen enjoying Labatt products in a sumptuous setting that oozed class and refinement.

More recently, 2015's Stella Artois Sensorium, developed in association with Mosaic, helped underscore the global beer's positioning as a premium brand. The Sensorium was a multi-sensory dining experience that took place in a 70-foot-tall geodesic dome in downtown Toronto, with everything from the smells to the visuals and sound carefully calibrated to enhance the dining experience.

"Every single touch point was thought through; it was a true five-sense experience that was incredibly premium," says Rodriguez of the event. "They said, 'Let's not tell people we're about these premium experiences, let's actually create them and let people experience them for themselves."

Despite a lofty \$150 price tag, all 2,300 tickets for the 18-day event were sold, generating 15 million social impressions and 55 million PR impressions.

INGENUITY AND MEDIA CREATIVITY

Labatt's advertising was virtually non-existent during Ontario's prohibition period (1916-27), and even when it was finally lifted, the brewer remained hamstrung by the 1927 Liquor Control Act, which placed a ban on alcohol advertising in the media.

One of the company's masterstrokes in those years was the introduction of Labatt-branded Streamliner trucks, which debuted in 1936 and remained in use for nearly 20 years.

These so-called "moving billboards" not only became one of Labatt's most recognizable icons, but also enabled the company to skirt those pesky advertising regulations. "It was a really good example of getting creative with advertising, and thinking outside the box," says Oliver.

Regulations on media advertising were eased in the late 1930s and, demonstrating a nose for the new that would characterize future marketing efforts, Labatt began running regular ads in the emerging magazine format. Between 1937 and 1940, the brand regularly ran full-page ads in issues of *Canadian Homes and Gardens* that talked about the history and quality of its signature IPA.

And while radio ads for alcohol remained illegal in Ontario, the company again demonstrated media creativity years before it became feted at awards shows by advertising on Buffalo stations – recognizing that listeners living in border cities could receive the signals.

A half-century later, Labatt was still pushing its marketing beyond what had been done before. It was the first company in Canada – and the first brewer – to run 15-second TV spots, for its Carlsberg and Labatt Ice brands (with creative by Scali McCabe Sloves and media by HYPN, now PHD Canada).

"We took what had largely been a category filled with sports and pretty girls and we infused it with creativity," says Kincaid. "We had a whole range of different brands with very different looks and feels, and the level of innovation was so broad and so well-supported."

There were also deliberate attempts to push boundaries, such as Ammirati Puris Lintas' 1998 "Shopping Carts" spot for Blue, which featured young adults racing through city streets on shopping carts, with Blur's infectious "Song 2" (aka "the woo-hoo song") as the soundtrack.

The spot generated 21 complaints to Advertising Standards Canada (ASC) that year, the most of all brands listed in the organization's annual Ad Complaints Report. It was found to be in violation of the Canadian Code of Advertising Standard's safety clause, which states that ads "must not display a disregard for public safety or depict situations which might encourage unsafe or dangerous practices."

"They said it was a little irresponsible, and I said 'Yep," says Kincaid with a laugh. "They obviously approved the script, or we wouldn't have shot it, but when they saw the final product..."

Labatt pulled the ad after nine weeks, which Kincaid says helped it earn "cult status" among the young adults it was targeting.

A NEW ERA

Canada's beer business has been irrevocably changed in the wake of its takeover by global conglomerates, yet Labatt continues to push its agency roster to create breakthrough work.

"We have an [internal] saying: 'What's the next thing we can't do?'" says Oosterhuis. "It's rooted in the belief that there are lots of reasons why ideas will fall to the cutting-room floor, but it takes a lot of commitment and belief to get ideas into market."

Oosterhuis says that marketing has evolved from the days when brands would spend eight months in creative ideation prior to launching a campaign, with digital and social channels empowering brands to create more spur-of-the-moment advertising around cultural moments.

However, he stresses that Labatt's presence in more prosaic moments, like a night out with friends, has helped cement its place in Canadians' lives. "It's not always the seminal moments we have been a part of, but the everyday moments," he says. "We've been part of the history of this country since day one." **D**



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Source: Canada Post/Ipsos Connecting for Action, September 2016.



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Defying industry conventions through agency models purpose-built for today's needs

THESE AGENCIES TAKE THE TERM 'independent' to the max. Forget about marching to a different drum, they're writing their own music.

The label that the industry pins to agencies not affiliated with larger, controlling companies really fails to take their independent thinking into consideration. It's not simply that indies can make fast business decisions and react quickly to client needs, they are building new agency models and innovative new processes.

Most indies find their creative freedom and lack of corporate hierarchy a definite advantage. The three agencies profiled here are creating awardwinning work – and they're doing it all their way.

THE INDIE LIST



Zulu Alpha Kilo The feisty independent

ROM MAJOR AWARDS TO BIG CLIENT WINS, Zulu Alpha Kilo has been scoring one success after another over the past nine years. The agency founder says it's all happening according to plan.

Zulu Alpha Kilo is a bit like the mischievous little kid that disrupts class and has way too much fun at birthday parties. You can't help but notice them. When the agency made the Strategy A-list in December, it was only fitting that the shop was given the unofficial title of "Shit disturber of the year." Since opening in 2008, this independent Toronto agency has been rattling the industry and building a roster of top tier clients that now includes Bell, Cineplex, Interac, Harley-Davidson, Labatt, ParticipACTION and Whirlpool Canada.

A lot of what Zulu does is counter to what everyone expects from an agency. It lampoons the industry frequently with satirical short films and a website that's a parody of a typical multinational site. It has made a commitment to its clients not to do spec work because it would mean diverting resources they had paid for to try to win new business. It turns down RFPs that don't fit with its core values or that compromises its pledge to clients. Zulu consistently defies industry conventions, but it's a formula that's working – and one that only an indie shop could commit to.

Zak Mroueh, chief creative officer and CEO, says, "One of Zulu's founding principles was to rebel against the industry's antiquated models. Our growth strategy is to simply service our existing clients exceptionally well and gain new business organically through word-of-mouth client referrals."

Zulu's success – and culture – can be traced back to its beginning. Mroueh had written lists of what he loved and hated

The agency received numerous requests for copies of this cheeky house ad after it ran in the same issue as its AdAge agency of the year win.

about the industry. From the shorter list, the things he loved, came the values and goals that guide and inspire the agency. Some seemed almost unreachable at the time but he's been checking them off one by one ever since.

He envisioned a future where global clients would approach the agency regardless of Zulu's location. Earlier this year, that came true when the agency won its first US business with a global assignment for Wink, a smart home connect/ control platform. That came on the heels of winning the AdAge Small Agency of the Year award last summer – the first time in AdAge history that a Canadian shop has ever won. It catapulted Zulu onto the world stage, giving the agency the title of the world's number one small independent shop.

More accolades came in February with the release of the 2016 *Gunn Report*. Amongst Canadian shops, Zulu was again the top ranked

independent finishing in the top three, just one point behind two larger holding company owned multinationals.

Another original Zulu goal was to be known for innovative ideas that would have a global impact. The latest example being *Lily* and the Snowman, the short film for Cineplex which has been viewed more than 80 million times globally.

"We're an agency that still has a greater purpose and a strong set of values that guide us," says Mike Sutton, agency president. "We're proud to say that we have the same vision and uncompromising values as the day Zulu opened its doors."

Zulu has a fulltime staff of 90 Zuligans and, with its collapsible team system, has another 10 consultants that are used as needed. Mroueh believes size is immaterial to success and that the key variable to long-term success is staying true to the founding core values regardless how big you become.

Sutton adds, "It's almost like Zak painted a picture of the agency he wanted to build and now the canvas is painted and the vision is coming to life. It's unfolding according to plan."

While proud to be recognized by AdAge, the agency has a long-term plan to keep pushing to the next level. That includes investing heavily in data science, brand strategy and zulubot, its in-house content studio. Without the hindrance of a holding company, the independent shop is able to invest and make decisions quickly to the benefit of its clients and staff.

Mroueh says, "Perhaps more than any investment we can make, it's sticking to our agency beliefs and values that is really going to make Zulu successful in the near and long term. Over the years, we've seen far too many great agencies lose their swagger when they compromise what made them great in the first place."



A recording studio, in-house photography and five film editing suites allow Zulu to produce content quickly for all of its clients.



In 2008, Mroueh launched the agency with the THINK box social experiment which inspired Zulu's THINK lab and strategic methodology. He adds "While most agencies like to think outside the box, we've found the most creative ideas are discovered with 'inside the box thinking' since restrictions around a problem force more innovation."



Zulu mocks the sameness of agency websites with a fun sendup of industry clichés complete with fictional co-founders. It was voted one of the top ten agency sites in the world.





In 2016, the agency marked a major milestone after being the first non-U.S. shop to win AdAge Small Agency of the Year, giving Zulu bragging rights as the world's top ranked independent.



Lily & the Snowman, Zulu's smash viral hit for Cineplex, has now been viewed over 80 million times worldwide.



THE INDIE LIST



Giants & Gentlemen The brave independent

ITH A MISSION STATEMENT TO 'kick ass with integrity', this five-year-old indie invests in talented people who can deliver big. Prima donnas need not apply. In the five short years that it has been open, Toronto indie Giants & Gentlemen has been busy working with both Canadian and US clients to reposition brands and, in some cases, build brands from the ground up. In large part, the agency credits its success to the fact that it is independent and only answerable to its clients.

G&G was founded by a trio of agency veterans. Alanna Nathanson and Natalie Armata, co-creative directors, had spent over fifteen years as a highly awarded writer and art director duo, and Gino Cantalini, the chief strategy officer, was formerly VP brand director at Publicis. Previous to that, Cantalini spent 18 years client side at Colgate, Campbell's Soup, Labatt and Telus.

As independent entrepreneurs, the partners are able to truly treat clients' businesses like their own. Nathanson says, "We're able to be nimble and flexible. We make decisions that are right for the agency and the client and not because we need to make a profit target."

When asked about what inspired the name, Nathanson explains, "Our core philosophy is, 'Be brave. Be decent'. It's about doing brave work that makes our clients tower like giants in cluttered markets, while always acting like gentlemen – respectful and ego-free. This philosophy drives everything we do."

G&G currently has a fulltime staff of 26 plus experts brought in as needed. It handles brand strategy, creative development, design, community management and web development. The The G&G co-founders: co-creative directors Alanna Nathanson and Natalie Armata and Gino Cantalini, chief strategy officer.

agency's new video production company called Brave Productions is important now that brands require great amounts of content.

G&G also applies some unique approaches to insights and ideation, one being a practice they call Outthinking. The process involves talking with people outside of the advertising and marketing business who have a fresh perspective on the challenges faced by the client.

Nathanson says, "Gathering insights from their experience helps to inspire us to think about things differently. With Days Inn Canada, we found there was a big growth potential with the business traveler. We chose a flight attendant as our Outthinker. She provided a number of insights, one being that for people traveling on business, it's a bit of a break to get away from their everyday routine. Deep down they're happy not to have to take the garbage out at home."

The result was the award-winning Bizcation campaign first launched in 2014. The ongoing campaign has included TV, social and digital and

ultimately led to G&G picking up the Days Inn US business.

The Gentlemen's Den, similar to Dragon's Den, is an innovative 24-hour process that the agency created specifically for Niagara Falls Craft Distillers, but is now rolling out to other clients. The entire agency was grouped into teams to work on one project, which was to brand a new liqueur.

The distillery is one of two start-up companies that G&G has invested in, something the agency is able to do as an independent because it can negotiate different compensation models and be part of helping companies grow.

The second company is an artificial intelligence company that builds predictive software for retail. Formerly called Makeplain, the challenge for G&G was to find a simple way to make the brand more approachable and memorable. The new name is dAlsy, which includes "AI" in it.

A lot of G&G's work has been the repositioning of brands, such as the TV campaign for Days Inn US and for Fisherman's Friend via TV, radio, social media and content production. The cheekily celebratory new Days Inn US campaign moved away from its old price-driven strategy. For Fisherman's Friend, G&G breathed new life into the brand and targeted millennials with the tough-guy anthem spoof"Suck It Up".

"We offer brands tremendous value because we have a leaner, more flexible model. In today's ever-changing landscape, our entrepreneurial thinking and nimbleness is key to our clients' success," says Nathanson. "The three of us are always involved and clients can call us at anytime. You don't need a big agency to make big things happen."



G&G reinvigorated Fishermen's Friend with the "Suck It Up" campaign that included TV, radio, social and online platforms.



Work for Days Inn Canada led to the US business and an integrated repositioning campaign.





The agency's philosophy is about doing brave work that turns clients into giants while agency staff always act like gentlemen.

This campaign targeted 17-year-olds to create awareness of Mac's Froster frosty drink with the shareable "Frosterize your face on Snapchat" campaign. The agency characterized the flavours on posters and gave users the ability to transform their faces into flavours on Snapchat.



Gino Cantalini Co-Founder & Chief Strategy Officer g.cantalini@giantsandgents.com 416.568.0811

THE INDIE LIST



One Twenty Three West The unconventional indie

WHEN FOUR VETERAN CREATIVE AND DESIGN industry veterans get together to form a new Vancouver agency, smart money rides on the fact that it will be a somewhat unconventional shop. Founded on the philosophy – Low overhead. High talent. – One Twenty Three West began in a Vancouver garage. In 2013, it quickly outgrew that space after winning clients Kal-Tire, 7-Eleven, Mercedes-Benz Vancouver and Muskoka Brewery.

123w is now housed in another unique space, a factory with the agency on one side and an industrial cleaning company on the other. Ever faithful to its low overhead attitude, the agency doesn't even pay for the space.

Scot Keith, 123w CEO, says, "We ended up doing a contra deal by helping design a large brew pub in return for space. The money we save on overhead, we put directly into hiring the best talent."

Keith and partners Bryan Collins and Rob Sweetman, executive creative directors, and Jeff Harrison, executive creative director design, have fashioned an agency model that is the opposite of a typical multinational. Rather than having a few senior people at the top and the majority of staff new, young talent, 123w has flipped that on its ear. The bulk of its 26 fulltime people are experienced talent.

"We run our business like the movie business," says Keith. "We have a core group of experts but we contract out work to other amazing talent when the project needs the absolute right person. Right now we're working on a project with an industrial designer out of Hong Kong. That's perfectly normal for us. Because of our business The Vancouver Aquarium campaign brought kids imaginations to life on bus wraps, print, billboards and a video that was pushed out on social media.

model, we can scale rapidly. There have been many times where we have over 60 people working for us."

123w specializes in business and marketing strategy, all types of design and advertising, including digital and social. Design is at the core of everything the agency does from building brands from the ground up to energizing existing brands.

Keith says, "We've been creating products like Betterwith Ice Cream that have become extremely successful. Our design work for Muskoka Brewery has played an important role in helping them grow to being the number two craft brewery in Ontario. People buy with their eyes so great design in packaging, retail or at any touchpoint drives great results."

123w has won a number of awards for its work from Cannes, One Show, The Marketing Awards, Communications Arts and D&AD. Agency co-founders have been invited twice

to the Cannes International Festival of Creativity as keynote speakers and Keith has been all over the country and the world to talk about the shop's unique business model.

Keith says the benefits of being an indie (aside from being able to make contra deals for office space) are that the agency works with a speed and flexibility that is not possible for multinationals.

"We can pivot very quickly. The four owners have the same goals so we can really move quickly. I can assemble my entire team in about five to six minutes. I've worked at agencies where they can't do that in five to six days. We work fast, smart and we do great work."

The agency offers its brands full service with everything in house from account management and strategic planning to all types of creative. With design a big focus, the scope includes branding, package design, industrial design, retail design and collateral material. The agency also formed a production company called Factory Films as a cost-efficient way to produce video-based content and branded content for its clients.

Although based in Vancouver, 123w is doing a lot of work with Toronto-based clients, Muskoka Brewery and Cara among them, so it's no surprise that the opening of a Toronto office is in the cards.

Keith says, "The plan is to have a Toronto office this year or early next. We already have a good presence there. Currently we have a condo in Toronto to keep our overhead low but our plan is to have an office. We've been talking to talent and would like to work with some like-minded people. Talent can work anywhere but I would like to have some feet on the ground permanently in Toronto."



123w created a tasteful look that complements the premium quality of Betterwith Ice Cream. All packaging, POS and collateral received the same treatment.



For Valentine's Day, 123w designed a series of coffee cups for 7-Eleven. 'Single, Taken and It's Complicated' cups were a huge hit on social media with people sharing photos of personalized cups using the hashtag #coffeelovers.



123w refurbished the branding for 21-year-old Muskoka Brewery from top-tobottom including all packaging and POS material.





123w created the 'Pass It Forward' TV campaign for Hockey Canada to encourage families to enroll children in hockey programs.



For Diane's Lingerie, 123w created the body-print campaign using body paint to turn participants' bodies into works of art. The art was used in print, transit shelter and instore ads as well as CRM and shopping bags. It also spawned a gallery show called 'Art of a Woman'.

CONTACT: Scot Keith Founder, President/CEO scot@123w.ca 604.754.2674

The 2017 CASSIES, held Feb. 22 in Toronto, celebrated Canada's most effective marketing campaigns. Hosted by comedian and TV host James Cunningham, the Grand Prix went to Ogilvy & Mather's "No Baby Unhugged" program for Huggies, while BBDO and Leo Burnett took home new CASSIES Effectiveness Index awards for total wins. For the first time, the show also delivered trophies for *strategy*'s Creative Report Card, swept by Leo Burnett's team, and for the Marketers of the Year. Here are some of the evening's highlights.









 Actor and TV presenter James Cunningham once again took on hosting duties for the show. | 2. Institute of Communication Agencies (ICA) president and CEO Scott Knox and A2C president and CEO Dominique Villeneuve got the evening started. | 3. The 2017 Creative Report Card included planners for the first time, and Leo Burnett's Brent Nelsen topped the list. | 4. Koodo's Lise Doucet accepts the Client of the Year Award after being nominated by Camp Jefferson. | 5. BMO's Connie Stefankiewicz, pictured with Cunningham, receives *strategy*'s overall Marketer of the Year award. | 6. Leo Burnett's CRC sweepers: CD Judy John, AD Dejan Djuric, planner Brent Nelsen and CW Marty Hoefkes.
7. The bird's-eye view at Arcadian Court. | 8. Bensimon Byrne's David Rosenberg picks up Gold awards for the Liberal Party of Canada's 2015 election campaign.















9. Juniper Park\TBWA's David Toto (left), Adam Lang and Alan Madill (far right) with Nissan Canada's Jennifer Dobbs. 10. The teams at Huggies and Ogilvy & Mather celebrate their Grand Prix win. | 11. The Globe and Mail's Andew Saunders presents the Globe Creative Effectiveness Award to Grey's "Ladyballs" campaign for Ovarian Cancer Canada. 12. Wrigley's Dan Alvo and Campbell's Moya Brown, two of strategy's 2017 Marketers of the Year. | 13. BBDO's Derek Blais, Denise Rossetto and PepsiCo's Susan Irving hold up their Gold trophies for Doritos. | **14.** CASSIES co-chairs Christine Kalvenes (PepsiCo) and François Lacoursière (Sid Lee) present the Grand Prix. | 15. Cossette's Peter Ignazi and Michelle Perez with their trophies. | 16. The Anomaly team and their CASSIES haul: (from left) Bryden McDonald, Paul Lipson, Christine Hamilton (from Shock Top), Dion Aralihalli, Max Bingham, Colin Kikcio and Brendan Scullion. | 17. The









cocktail reception's props get some use.





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Small is the new big (and big is the new small)

BY CRAIG JENKINS

oday's technology tsunami is ushering in a third industrial revolution – where size no longer matters, scale meets outsourcing and, interestingly, niche has become king.

For upstarts, breaking into an established market is now possible. In the highly regulated transport industry, Uber targeted a specific component of a traditional business model – dispatch. The ride services co. is built around a convenient payment system that also results in a service-based meritocracy (try getting a lift with a three-star rating). And its business strategy has spawned no shortage of imitators.

In CPG, there is no end to the startups challenging multinational stalwarts like P&G and Unilever. Eschewing traditional marketing plans, The Honest Company reached a nearly US\$2 billion valuation in four years. It went from 17 baby-focused items to over 135 line extensions, including household cleaners and cosmetics. With distribution now in mass grocery, it's competing head-on in traditional bricks-and-mortar.

As more subscription-based businesses crop up, marketers need to find ways to join the party (just as Unilever did, purchasing grooming co. Dollar Shave Club last summer for US\$1 billion).

With the impending launch of Amazon Pantry in Canada, traditional retailers need to find ways to outpace niche



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industry players and use the same disruptive technology in their favour. While Loblaw doubles down on clickand-collect, others are exploring competitive delivery models like lockers and third-party



shipping services. Across the pond, grocer Tesco clearly wants to own the best checkout experience. Ubiquitous in the U.K., it's rolled out a "Scan as you Shop" program to over 350 stores – allowing shoppers to simply exit the store and avoid the payment bottleneck, just like what Amazon Go is promising.

It's also piloting high-speed and "relaxed" lane checkouts to suit both the rushed and the unhurried. South of our border, Kroger has installed infrared cameras at the front of its stores to predict shopper volume and reduce average checkout wait times from four minutes to 26 seconds – opening additional checkouts before the chaos begins, but with the same amount of labour. Will the grocery store of the future be one with a much less stressed transaction process?

Now that technology has levelled the playing field, established brands have to borrow lessons from the new players. Start by thinking niche: startups cultivate their fans and curate their brand message from a grassroots level, engaging consumers (and shoppers) with relevant personal dialogue. Then, go deeper and larger scale: artificial intelligence and machine learning can be used by brands to execute this same strategy and optimize highly targeted messages on the fly.

A great example of a brand that is tapping into this new paradigm is Domino's. Flagging sales in 2005 meant they had to think like a startup to survive - improving pizza recipes and recruiting consumers via clever social media campaigns. They're also using/ creating new technologies, from pizza emojis to smartwatch delivery status updates, as well as ordering via Google Home and Amazon Echo. Taking a simpler route, Wendy's is also getting a lot of positive attention for its sassy social media presence after responding to trolls with clever, sarcastic tweets. Even the small things count.

Bots and natural language interfaces can give brands personality, utility and, ironically, a dose of humanity. They can identify and enlist advocates who can meaningfully amplify your message, establishing credibility and authenticity.

So while technology enabled niche enterprises to compete with established ones, it also allows the reverse. Traditional players now have the tools to behave like the startups they once were.



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