

Next Level SMG's First Annual Brand Strategy Trends Survey Pinpoints Marketers' Top Strategies in 2007 – and Their Top Five Resolutions for 2008

More than a quarter of the companies who participated in Next Level SMG's recent marketing trends study said that their biggest single regret of 2007 was not investing more effort to understand what makes their customers tick. At the same time, they said that new products or line extensions launched this year would have the greatest long-term impact on their business.

The study sheds light on the key growth strategies pursued by marketers in 2007, provides candid assessments of what marketers could have done better in 2007, and what strategic initiatives they are planning for 2008. Marketing executives from a broad array of industries, including food, beverage, personal care, hospitality, electronics and home and building products, participated in the survey.

Detailed findings are included in this report, but highlights include the following:

Woulda-Coulda-Shoulda: Top Do-Overs of 2007

Asked if they could go back and change one thing about their 2007 marketing strategy, 28 percent of the respondents said they would have invested more effort in learning what motivates and influences their customers. More than one-fifth (21 percent) said they wished they had been less dependent on "tried and true" marketing tactics and found more creative ways to reach their audience.

Marketers Resolve to Probe More Deeply and Take More Risks in 2008

Not surprisingly, the same portion of respondents who said they regretted giving short shrift to consumer research in 2007 (28 percent) said that understanding their customers better was their #1 New Years' Branding Resolution list for 2008. Eighteen percent vowed to take more risks with their business (#2 on their resolution list). And 16 percent said that finding more creative ways to reach their audience was their #3 resolution. Tied for the #4 spot was a desire to be more externally focused, looking to direct competition and complementary categories for growth opportunities; and investing more time and money to better understand how to create relevant innovations (both 12 percent). Only 2 percent resolved to take a more conservative approach to their business to ensure achievement of their goals.

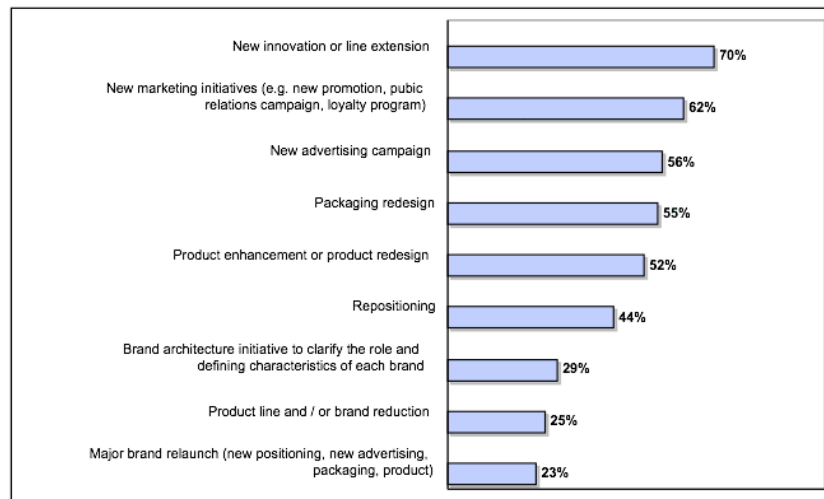
Innovation is King in 2007 and 2008

Innovation was in fact a top priority for marketers in 2007. Nearly three-fourths (70 percent) of the respondents said they had developed or launched a new product or line extension during the year. Not surprisingly, marketers intend to maintain a strong emphasis on innovation in 2008. Sixty-four percent plan on developing or launching a new product or line extension.

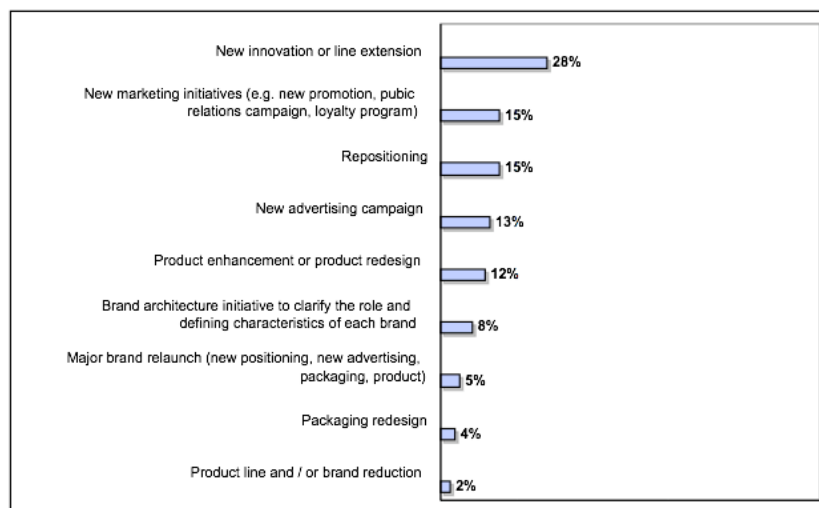


Strategic Initiatives Launched or Developed in 2007¹

Nearly three-quarters of marketers (70%) launched or developed a new innovation or line extension in 2007, which is not surprising given that marketers rated innovation as the #1 initiative that would have the biggest impact on long-term business growth. More than half of marketers also focused efforts on developing new marketing initiatives, new advertising, new packaging and new product design, and these changes were driven by a need to revitalize their image, enhance their consumer relevance and maintain or build a competitive edge.

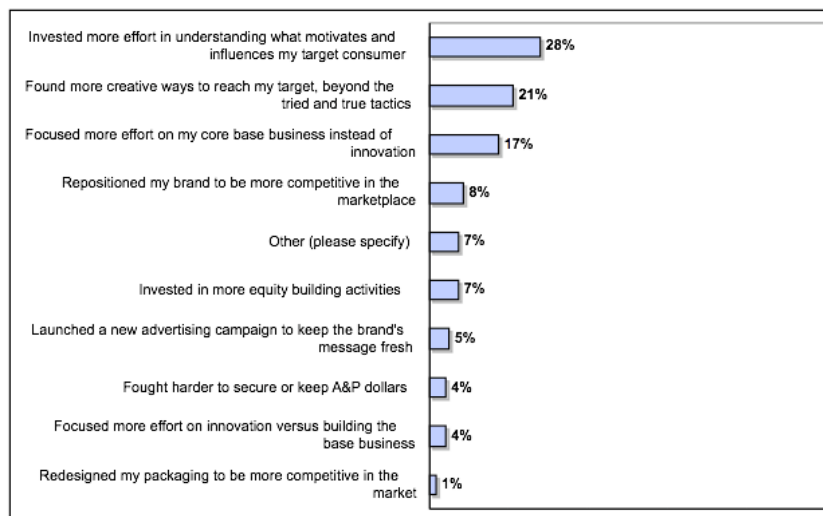


2007 Strategic Initiatives Expected to Have Biggest Business Impact²



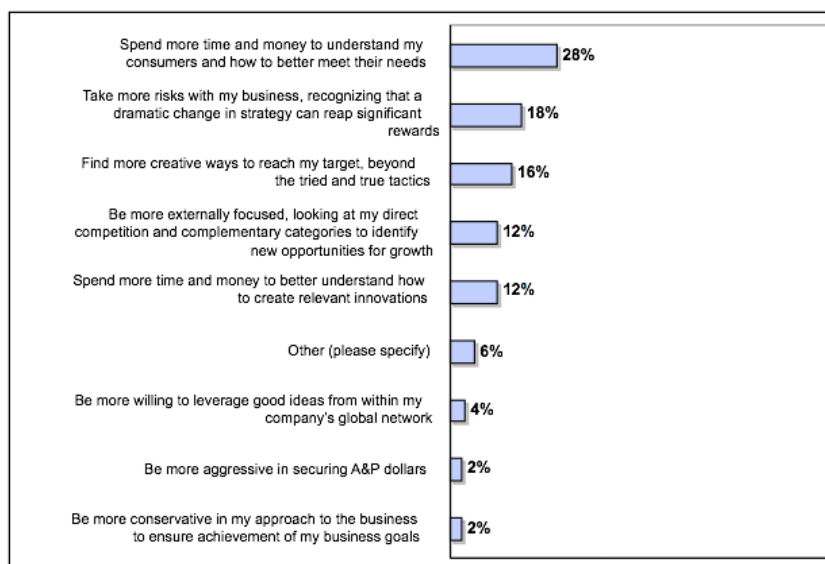
Woulda – Coulda – Shoulda: Top Do-Overs of 2007²

As marketers reflected on their 2007 Plans, they acknowledged that they had a few things they would have liked to have done differently. 28 percent of the respondents said they would have invested more effort in learning what motivates and influences their customers if they had more time and money, which was also their #1 “New Years’ Branding Resolution.” More than one-fifth (21 percent) said they wished they had been less dependent on “tried and true” marketing tactics, which is consistent with marketers’ desire to take more risks with their business, their #2 Resolution for 2008.



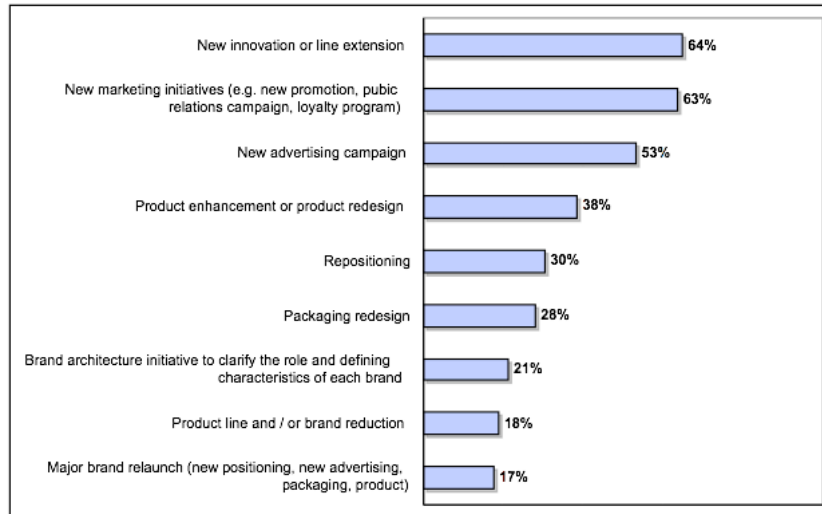
New Year’s Branding Resolutions for 2008²

While marketers’ top resolution of better understanding their consumers (#1) is not surprising, senior management may be surprised to learn how few resolve to leverage more good ideas from global affiliates or be more conservative in their business approach to hit business targets (both 2%).

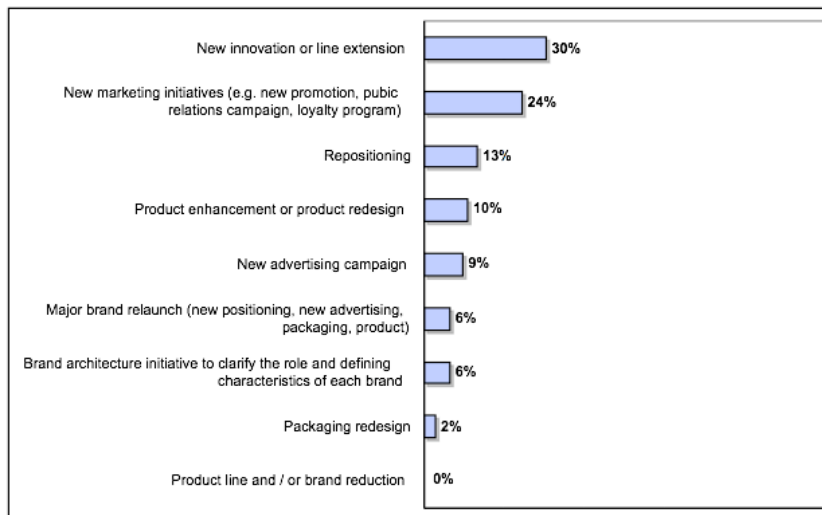


Marketers' Key Initiatives to Build Their Businesses in 2008¹

In 2008, Marketers are planning to focus on similar initiatives to those of the prior year, but with less emphasis on innovation, new packaging and product enhancement. Consistent with where marketers expect to see their business impact from 2007 plans, marketers' priority initiatives for 2008 are innovation and new marketing initiatives, such as promotions or loyalty programs.

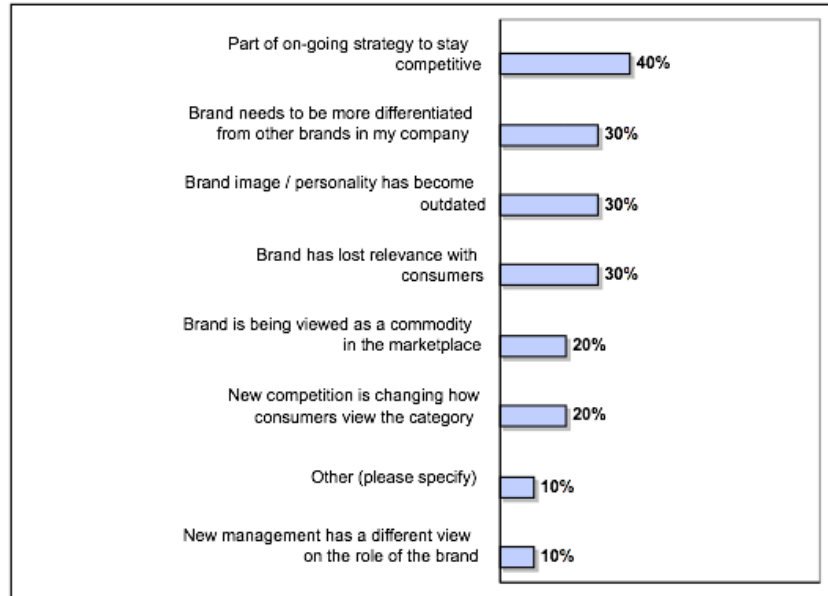


Marketers' "Must-Do" Initiative for 2008²



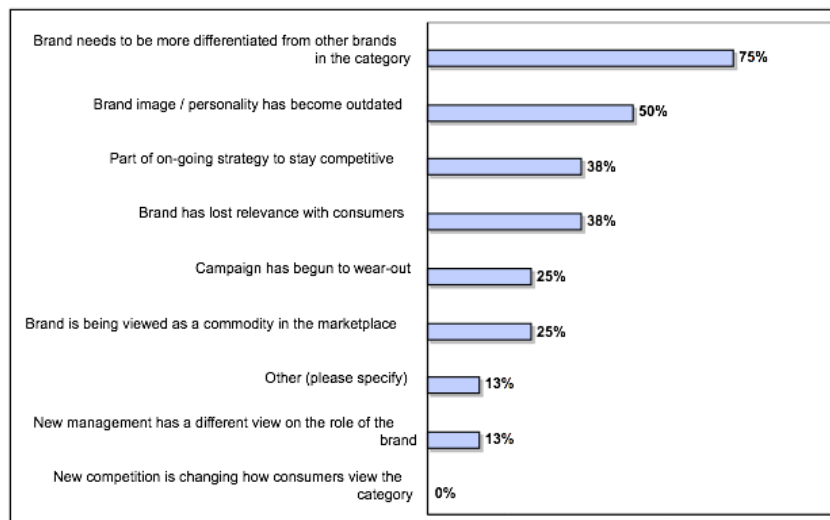
Drivers of Repositioning¹

Marketers who see repositioning as their priority initiative for 2008 are changing their positioning in order to remain competitive, further differentiate their brands from others within their company, and enhance their image and relevance with consumers.



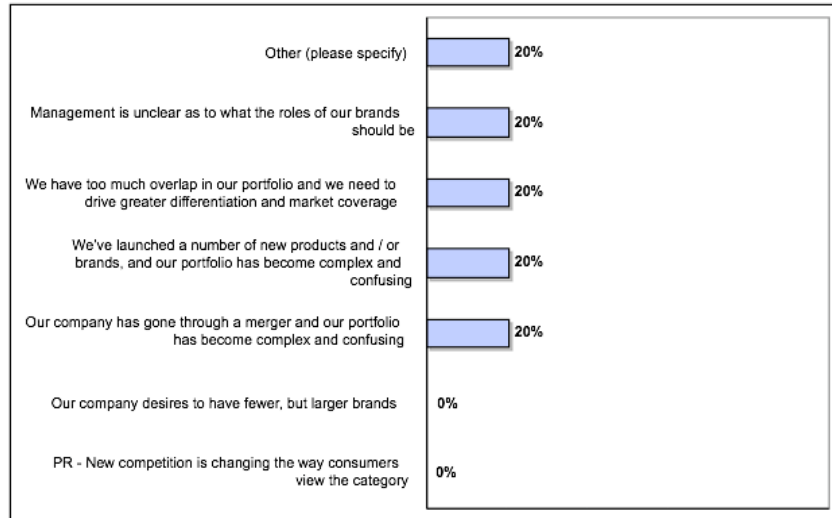
Rationale for New Advertising Campaign¹

The need for differentiation and an updated brand image / personality are the lead drivers for marketers' who see developing a new advertising campaign as their lead initiative for 2008. Changing media consumption trends are also creating a need for messaging that has greater clarity and impact. As one respondent noted, "in an increasingly attention-scarce economy, [you] need to work harder to ensure that branding messages are sharp-edged and clear."

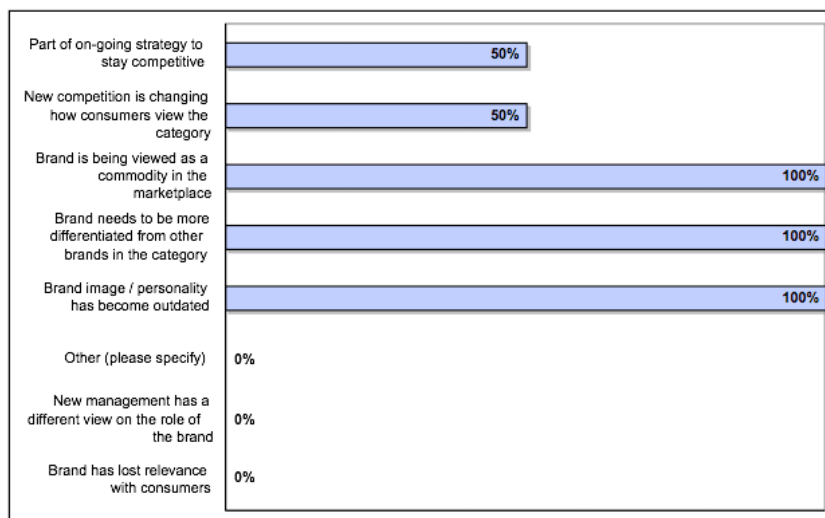


Rationale for New Brand Architecture¹

The need to prioritize brand architecture in 2008 is being driven by company portfolios that have become too confusing and a need to better differentiate brands and define clear roles. Several marketers noted that their organizations would like to better understand how to create a strong master brand, versus a collection of sub-brands.

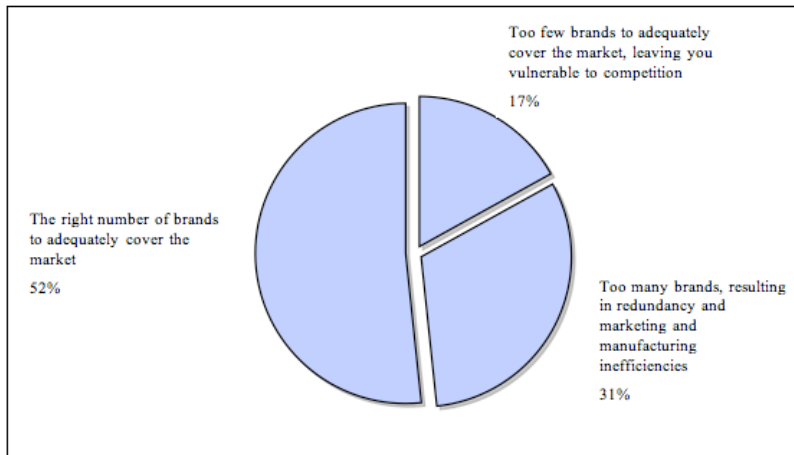


Rationale for New Packaging¹

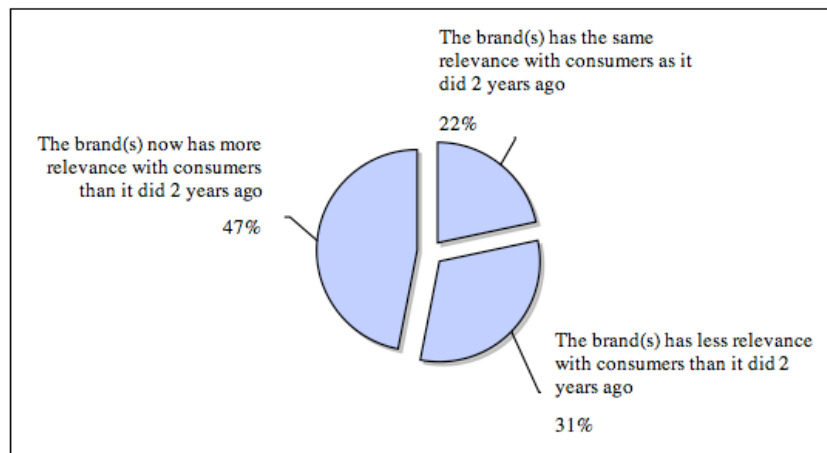


The “Right” Number of Brands in a Portfolio²

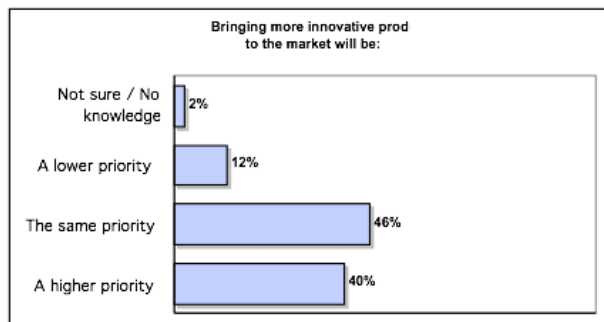
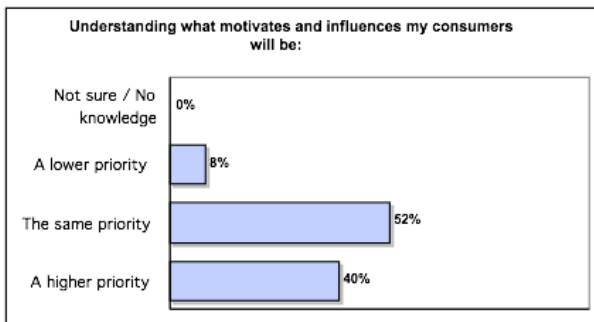
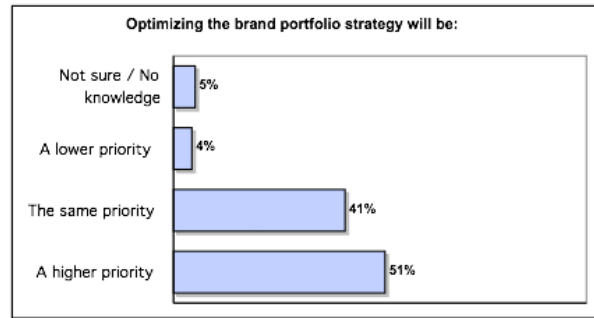
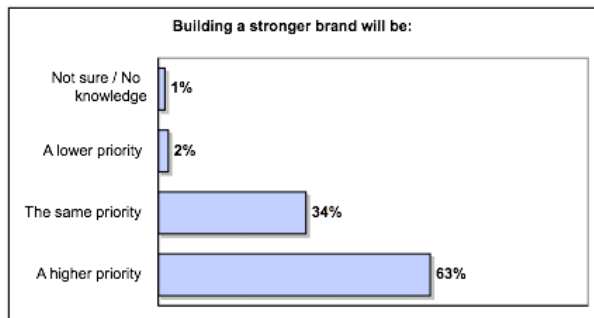
While the survey points to a major crop of new products and line extensions in 2008, many companies acknowledged a need to do some serious pruning. Only half (52 percent) of the respondents think that they have the right number of brands to adequately cover the market, and nearly one third (31%) think that they have too many brands. As one marketer noted, more is not necessarily better. What’s really important is to make sure that you “have the right brands in the categories where you play.”



Relevance of the Company’s Flagship Brand(s)²



Reflections on How Companies' Strategic Priorities Will Evolve in 2008²



The Survey

Eighty-two marketing executives participated in this survey, and respondents include marketing executives from companies including Kraft, Pepsi, Dannon, Colgate, Cadbury Schweppes, Playtex, Clorox, Nokia and Starwood. Next Level SMG fielded this survey in October 2007.

Next Level Strategic Marketing Group (Next Level SMG)

Next Level SMG is a brand strategy firm, based in Pleasantville, NY, that builds strong brands and compelling marketing strategies that drive profitable growth. Services include brand positioning, portfolio strategy and innovation. Clients include Johnson & Johnson Consumer Companies, Inc., Whirlpool Corp., Bell Canada, and Pathmark Stores.

contacts: Peter Rogovin, Managing Director; Heidi Krauss, Director
 phone: 914-769-8600
www.nextlevelsmg.com

¹ Respondents chose all applicable options

² Respondents chose only one option