



Growth: Three Ways

Penetration, Frequency,
Premiumisation

A Forge Perspective



03 /03

Premiumisation



The Quest for Growth

Growth is rarely straightforward.

As an industry, marketing has never been short of ideas about where top-line growth will come from.

Navigating this flood of ideas – many of which are simply tactics – leads many marketers astray.

But when you boil it down, there are just three ways to achieve revenue growth for your brand.

You need to either:

- 01 win more people, (increase penetration)
- 02 win more often (increase frequency)
- 03 win more money (premiumise)

And while it's true that these approaches are not mutually exclusive, it can be helpful to think about them as three separate levers.

Over the course of three articles, we'll look at each of these levers in turn. We will explore what's involved and give you practical advice to make the growth challenge less overwhelming.

Part 3: Premiumisation - Win More Money

This final lever can be helpful for brands that find themselves coming under margin pressure, perhaps those being squeezed from both ends of the category, or a heritage brand that needs substantial renovation. Winning more money essentially involves finding new ways to help your existing customers pay you more.

Getting a customer to pay you more is usually achieved via, improving your core offer, substantially enhancing your core offer, or completely reinventing what it is that you are offering.

Whichever route is chosen, each of these approaches requires you to understand,

i) the challenges that exist within the wider category,

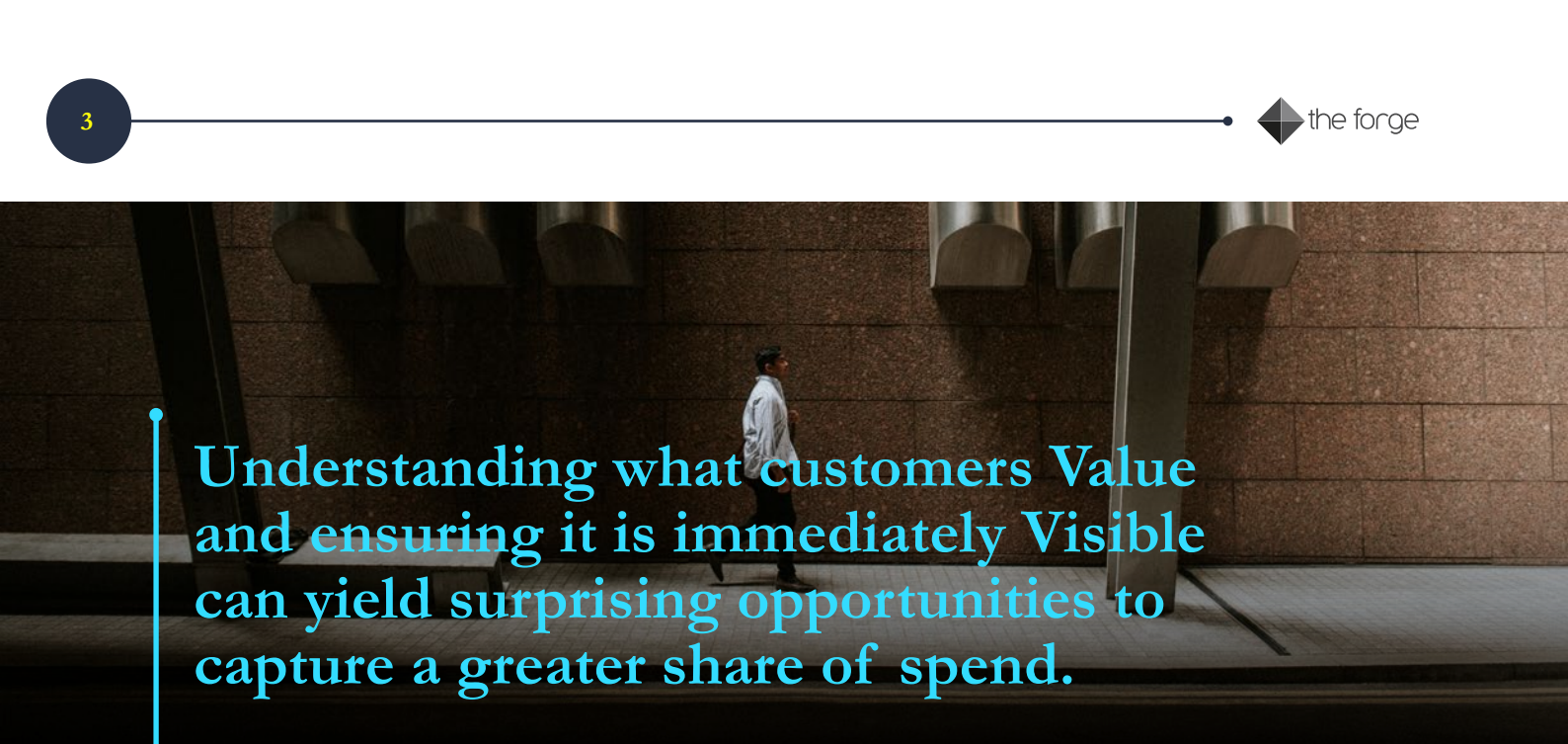
ii) the needs of those customers that are willing and able to pay more, and

iii) the range of existing and future solutions that exist inside and outside of the category.

Introducing the Big Framework for Growth

We have a proprietary tool the Big Framework for Growth (BFG), which can assist with this premiumisation challenge, it helps brand owners identify and size opportunities for incremental, substantial and breakthrough innovation. It works by mapping current and future motivations against a range of possible solutions, and you can find out more about the BFG [here](#).

Ultimately though, getting customers to pay you more money is highly dependent on two additional factors i) understanding what it is that customers really value, and ii) making that value highly visible – such that it feels worth paying more for.



Understanding what customers Value and ensuring it is immediately Visible can yield surprising opportunities to capture a greater share of spend.

Make it Valued

Making it Valued is about giving customers more of what they want, and less of what they don't. Depending on the category in question that extra value may be about being more effective, more beautiful, more healthy, more individual, more enjoyable etc., or alternatively it can be about removing frustrations, making things less complex, less confusing, less time-consuming, or simply less bad. Understanding what is valued today and what is likely to be valued in the future, helps to unlock the full spectrum of innovation which can help drive premiumisation – from an enhancement to an existing product (e.g. Gillette Fusion), to the provision of entirely new solution (e.g. American Express Platinum), through to the creation of an entirely new product (e.g. Seedlip).

Make it Visible

Making it Visible is about making sure that customers can both see and understand the value inherent in your proposition. This could involve signposting value via your nomenclature, highlighting specific benefits or claims, using pack design to highlight specific features, or breaking established category codes to disrupt and provoke a fresh evaluation of what's on offer. Think distinctive memory structures (Tesco Finest), clearly articulated benefits (Fairy Max Power), or a RTB that is immediately visible (Dyson Cyclone, Uber Lux). When asking customers to trade-up, make sure the benefits are immediately visible.

Our work on a household favourite snacks brand

Our work on a famous baked goods brand, serves to reinforce just how important it is to get these things right. While looking at permissibility and premiumisation, we realised that this brand had very strong natural ingredient credentials, which were a hugely important driver with customers (who were often buying for children) and yet when we looked at the packaging this wasn't being highlighted anywhere. We were able to significantly increase sales simply by better signposting the credentials on-pack.

Points of difference vs. points of parity

Working out how to give your customers more of what they want is also made easier if you know what your customer perceives as a real point of difference vs. a point of parity. Points of difference are often to be found in those parts of the product, service or experience that are causing real pain, or where customers have substantive needs that are being ignored or underserved. Points of parity are simply those elements of the offer which (in the context of your category) only need to be good enough – mostly because beyond a certain point, further improvements or enhancement simply won't be noticed or appreciated by the customer.



We recently worked with a well-known investment firm to help them understand how they could grow the number of charities who use their services.

Helping an investment client work out their points of difference

It is a phenomenally risk-averse market, and the trustees charged with looking after their charity are deeply cognisant of the responsibility placed upon them. In addition, they will often only pitch their incumbent fund manager every 5 years and tend to advertise their services in the same publications as their competitors.

To build a real depth of understanding around the sector and the overall customer experience we ran a series of in-depth interviews, with employees, external trustees, IFAs and competitors. By understanding the customer experience in greater depth, we could help our client focus on the things that really mattered to their customers.

We quickly identified that to a large extent, many of the features highlighted in their marketing were tablestakes for the category. They were points of parity that earned them a place in the consideration set (in this case on the pitch list) but didn't help to differentiate them.

We went on to identify the areas of their customer experience where they could exert a real point of difference. By building a deep understanding of what mattered to their customers we were able to help our client prioritise those aspects of the journey that drive choice – thereby increasing conversion and enhancing recommendation.

Let's recap

When seeking to win more money, it pays to think hard about how you can improve, enhance, or reinvent what you are offering to your customers, and that challenge is made easier if you focus on understanding what is Valued by your customers and then spend time making sure it is Visible. If you are struggling to understand what is truly valued, then it may help to think in terms of points of difference vs. points of parity.

A final reminder

Across nearly all categories, the growth challenge can usually be approached through, i) winning more people (penetration), ii) winning more often (frequency) or, iii) winning more money (premiumisation) - and while these growth levers are not mutually exclusive - **it pays to have a clear idea of the challenge in your category as well the type of growth that offers the best opportunity for your brand.**

If you are struggling with the growth challenge, or simply finding it difficult to get started, we hope this article has proved helpful or instructive. If you'd like to know more about any of the topics covered then please get in touch at hello@theforge-uk.com.