



# Growth: Three Ways

Penetration, Frequency,  
Premiumisation

A Forge Perspective





# 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 1: Increasing Penetration – Win More People

When seeking to win more people and increase your penetration, the first step is to decide who it is you are trying to attract. It's simply not worthwhile (or possible), to use a limited budget to effectively target everyone, you need to start with a clear idea of who you are seeking to recruit and why you think they will be attracted to your offer.

The penetration challenge requires you to have a clear idea of who you are targeting.

Penetration is what you achieve when you have intentionally sought to win more customers. To achieve penetration, you need to drive appeal among your target customers and then find more ways to 'invite' more people in.

**Note: when we hear people dissent from this view it is usually based on a misunderstanding of Sharpian theory. Sharp has never suggested that you approach the penetration challenge by targeting everyone – he is simply suggesting that in a world where people are less loyal you should provide opportunities for more customers to find and choose you.**

Mars is a great example of a business who understands this.

It has a portfolio of brands that are precisely targeted at a core set of customers; having then established its saliency with those customers, Mars focuses on finding more ways to bring more people in – often by exploiting seasonality and format - think Mars Bunnys, Mars Duo etc.

**So, if you are a brand that believes it has the headroom to win new customers, how do you approach this challenge?**

Key is to segment your category to understand who your brand should be targeting and how you can meet the needs of your priority customers. This typically involves 4 steps.

**i) Segmenting your category to identify all the segments that exist**

When seeking to win more customers, it usually makes sense to segment at a category level vs. a brand level. That way you may find valuable, previously unknown segments and your evaluation won't be constrained simply by the customers you already have.

An effective segmentation will also take account of needs and attitudes that permeate across different genders, age groups and socio-economic classes, revealing emerging trends that may be impacting a whole category.

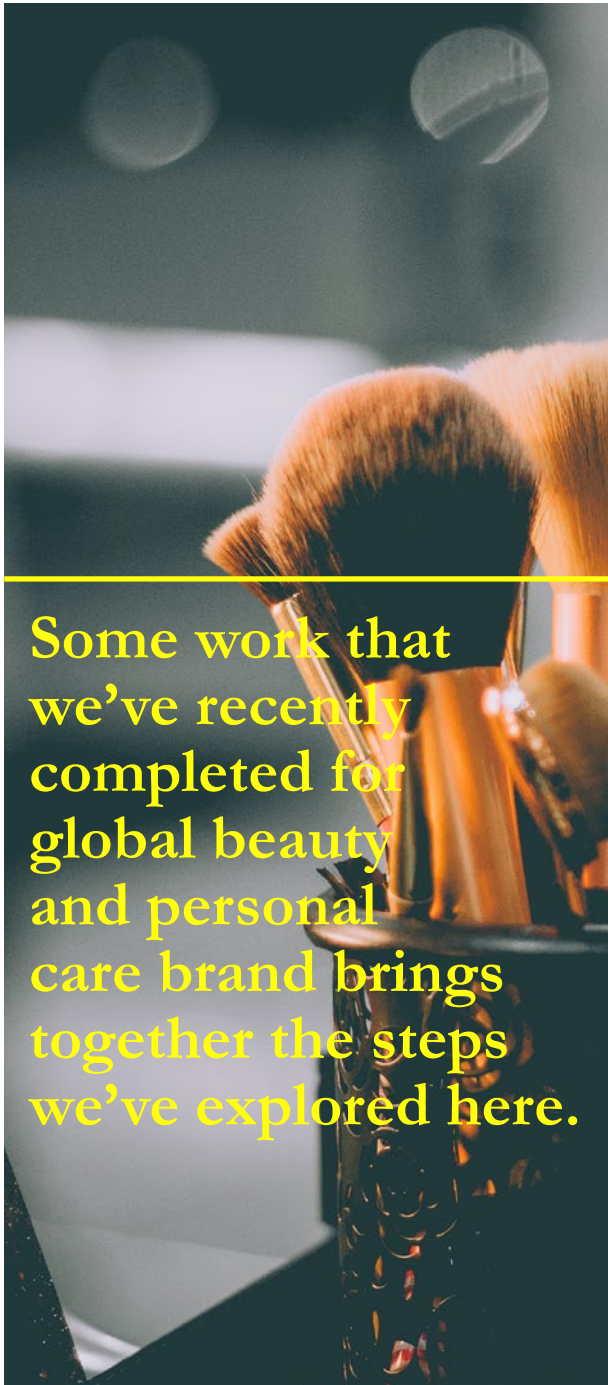
**ii) Prioritise segments based on the size of the prize and fit with your brand / proposition**

With a much clearer idea of the total addressable value of the segments that exist, you can begin the process of deciding who you should target. The decisions around which segments should be prioritised, will be based on several factors, including size, spend etc. but key to the decision will be the relevance or 'fit' of your brand among those segments that appear to offer the best opportunity for growth. When it comes to this assessment, understanding your own intrinsic qualities e.g., product truths, heritage and values can make these decisions much easier.

**iii) Organise your portfolio of brands/ products/services to align with your priority segments**

Once you are clear about which segments to target, you need to ensure you have organised your portfolio, (or aligned your product or services) in such a way that it fits with needs of your priority segments. This may mean setting clear swim-lanes for a specific portfolio, and/or sharpening the proposition or offer being made to the customer.

**Start with a clear idea of who you are seeking to recruit and why you think they will be attracted to your offer**



Some work that we've recently completed for global beauty and personal care brand brings together the steps we've explored here.

#### iv) Innovate new products / reposition brands / adjust channel strategy to attract attention and meet the needs of the new target segments

Sometimes it will become evident that you aren't able to meet all the needs of your priority customers within the confines of your existing portfolio. In these instances, it may make sense to think about introducing new offers, repositioning brands, or adjusting a specific channel strategy. The skill is to understand what is possible within the portfolio that you have and then using the segmentation to meaningfully inform the creation of new sources of value.

#### How we helped a cosmetics business win more customers

A cosmetics client wished to grow their brands by winning more customers. We approached this challenge by helping them conduct a large-scale, multi-market segmentation of the beauty and personal care category. **By focusing on attitudes and propensity to spend, we were able to identify 8 core segments, but direct them to the 3 that offered them the best potential to win more customers.**

A renewed focus on 3 core segments is now helping them to sharpen its 5Ps and bring greater clarity and focus to the whole organisation.

This work has also helped them understand that specific segments are motivated by different drivers, e.g., those motivated primarily by science will tend to be more resistant to natural propositions vs. other segments where naturals will potentially have a greater role to play.

#### Let's recap

Pursuing growth and driving penetration involves understanding i) who you are targeting, ii) how much headroom they offer, and iii) a clear understanding of what you can meaningfully offer to your consumer.

**Once you're successfully addressing your target, you can then devote some time and attention to also exploring the ways in which you can invite even more people to the party.**



## Part 2: Increasing Frequency - Win More Often

This second source of growth is often pursued in well-established or widely penetrated categories; in many FMCG categories the challenge is not necessarily winning more customers, it's about winning a greater share of the available occasions.

**Winning more occasions can be an efficient way to grow your brand, but it can be a difficult task to work out where all the meaningful occasions are, and tricky to understand where you should play and how you can win.**

That's where Demand Spaces come in.

### Introducing Demand Spaces

Demand spaces are powerful because they are predicated on a key aspect of human behaviour – namely that an individual's needs will often change depending on their context. Demand spaces are

important because they help marketers map the full range of opportunities or occasions that are driven or influenced by the 5Ws and allow brand owners to spot potentially lucrative growth opportunities – they help identify a specific set of needs, that occur in a specific context and that result in a specific behaviour.

Demand spaces often lend themselves to categories (such as food & beverages) where the context (when, where & why) has a greater bearing on what is chosen. An established snacking brand, for example, might seek to grow by using Demand Spaces to identify new occasions or alternatively understand what is required to better meet the needs of occasions that already exist.

## So how do Demand Spaces help you win more often?

Demand spaces are a quantitatively derived tool that typically consider two dimensions. On one side, you'll have needstates (clustered groups of needs) - and on the other you will have the most discriminating elements of context (this might be daypart, location, activity etc.)

Mapping these elements then allows you to

- i) identify** the occasions that exist within the wider category,
- ii) prioritise** target spaces or occasions based on value and fit, and
- iii) organise and innovate** around your brands to help you access the priority spaces.

## Helping a tea client win a greater share of occasions

In 2021, we worked with a major tea manufacturer who wanted to win more occasions, and specifically understand:

- How they could stretch their portfolio into cold beverages and recruit new customers
- How they could revitalise core black tea
- How to increase share for fruit/herbal/green tea

To address this challenge, we launched a total beverage Demand Space study, which helped to identify 10 key opportunity areas, straddling in-home vs out-of-home and hot vs cold drinks.

This approach enabled us to understand where tea currently had a strong right to play, both in terms of the share of that Demand Space, but also how well it fitted with the needs of that occasion.

**As part of this work, we identified a Demand Space that occurred while consumers were busy settling into their morning work; here consumers were looking for a refreshing, warming 'pick-me-up' and tea was the perfect fit.**

By understanding the nuance of this Demand Space, the client was able to plan how to win further share for this occasion.

We also wanted to understand where tea wasn't currently playing and what it would need to do to win in those spaces - we found a Demand Space that was dominated by indulgent iced coffees - typically a weekend morning in a premium café where you might meet with friends and treat yourself. The needs of the consumers here were for indulgent, aerated products with a full, satisfying flavour and a sense of 'special'. Understanding this helped the client understand how it would need to innovate to meet those needs and which channels it would need to target.

**An individual's needs will often change depending on their context**

A photograph of a person walking away from the camera on a wet, reflective street during a rainstorm. The person is wearing a dark coat and carrying a brown leather bag and a large, colorful, iridescent bag. In the background, another person is also walking away, and the street is lined with trees and buildings, with some lights visible in the distance.

## 5Ws - The drivers of behaviour within a category

Demand Spaces work because they invite you to think more deeply about the 5Ws, the drivers of behaviour within a category.

The 5Ws cover:

- **WHO** the consumer is (segments)
- **WHERE/WHEN** the consumption is taking place (occasions)
- **WHAT** they are looking for (types of solution)
- **WHY** they make choices (needs)

Once you have built in this understanding, you really can set about winning a greater share of occasions. Lindt is a brand which ably demonstrates it understands this. Their focus on winning a greater share of occasions explains why they have pioneered such an innovative range of products:

- Looking for a premium gift? Lindt Master Chocolatier range
- Looking for an accessible gift? Lindt Lindor
- Looking for something to share with friends? Lindt assorted Lindor bag
- Looking for a treat on the go? Lindt bars
- Looking to delight children? Lindt bunny

### Let's recap

If you want to grow your brands by winning more often, we'd recommend that you take a good look at Demand Spaces, they are highly effective because they are based on a fundamental truth – **people behave differently in different contexts – why not take the guesswork out of the growth challenge and take a closer look at how the 5Ws operate in your category?**



## 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,

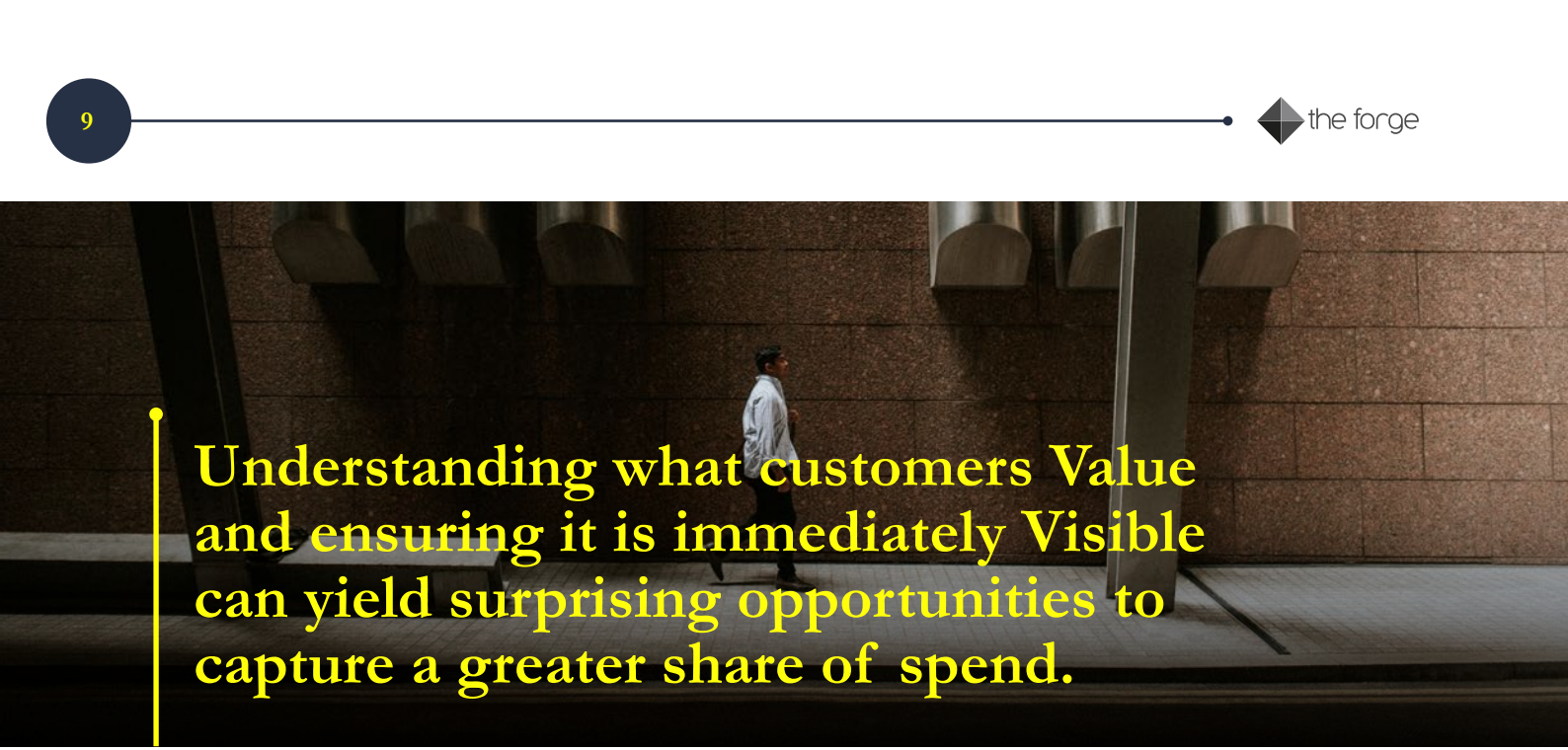
**ii) the needs** of those customers that are willing and able to pay more, and

**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 (Fairly 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](mailto:hello@theforge-uk.com).