Premiumization

The Key to Brand Growth
15 Minutes = How to get Customers to Pay More for Brands & Products

This session will uncover the behavioral science of premiumization that gets customers to pay premium for a brand.
Private Label Growth

Problem

How you can Win

Solution

How to Grow

Opportunity
French's Spicy Brown Mustard

Gulden's Spicy Brown Mustard

Gulden's All Natural Coarse Ground Mustard

Great Value All Natural Coarse Ground Mustard

Great Value All Natural Coarse Ground Mustard

Great Value All Natural Spicy Brown Mustard

Serving Suggestions

Net WT 12 OZ (340g)
BRANDS
Brands build distinctive assets and differentiation between products

CUSTOMERS
Customers actively resist differentiation, categorizing to simplify the vast amount of options

FOCUS ON DIFFERNTIATION
“I am different, better than competition”

FOCUS ON CATEGORIZATION
“It looks like TP, works like TP, its just TP”
Growth Depends on Premiumization

- Premiumization
- Developing Categories
- Mature Categories
- Selective Premiumization
- Emerging Categories

Category Consumption over Time
Brands need to Premiumize to Command Higher Prices

High Quality

Low Quality

Private & Store Labels have improved quality; products become similar to global brands

Low Price

High Price

PREMIUMIZATION

Kellogg’s, Coca-Cola, P&G, MARS

amazon basics, Great Value, 365
What is Premiumization?

Willingness to pay a premium price for a brand

Customer motivated or desire to

Pay premium relative to other offerings in a context

For product perceived of higher value
Premium = People to pay more for products

Increase the Average Brand Selling Price

84¢ 89¢
How to Win with Premiumization?

Brands create a demand to pay more for a product

Customer willingness to pay more for a product

5 Paths to Premiumization:
- THE SAFE BET
- INNOVATIVE
- ENHANCES IMAGE
- EASIER
- EXPERIENTIAL

Brand. Product. Context
What customers value is rooted deep...

PREMIUMIZATION PATHWAYS

- Make it safer
- Innovative
- Enhances image
- Easier
- Experiential

Pay more for products
Different Paths with Premiumization

Pay More to 
Enhance my Image

Pay More to be 
Innovative

Status Quo in the 
Bottled Water Category

$2.70 
Average Category Selling Price

$1.45 
Average Category Selling Price

$2.00 
Average Category Selling Price
Premiumization Analyses: Plotting by Category Competition

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<th>Make it Safer</th>
<th>More Innovative</th>
<th>More Experiential (memorable)</th>
<th>Make it Easier</th>
<th>Enhances social &amp; self image</th>
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OPPORTUNITY TO COMMAND A PRICE PREMIUM
Behavioral Science Testing Opportunities to Premiumize

Independent Variables to Drive Premiumization

**Branch 1**
**TESTING CONTEXT**

**Branch 2**
**TESTING FRAMING**
- Name 1
- Name 2
- Name 3
- Name 4

**Branch 3**
**CONTROL**

**US Toilet Cleaner Consumers**

**Behavioral Dependent Variable**

**WILLINGNESS TO PAY PREMIUM**
- $15 gift card redeemable for
- $15 gift card redeemable for your **regular toilet bowl cleaner**
- I don’t want to be entered into the prize draw
The Key to Brand Growth in Mature Categories is Premiumization

5 Strategic Paths to Premiumization

Identify competitive advantages and sources of category growth

3 Opportunities to Premiumize

1. Premiumize in context
2. Premiumize in brand
3. Premiumize in product

Behavioral Science Driven Tactics

Apply behavioral science to test and activate premiumization interventions
Thank you