Deep-dive into drinking occasions

With brewers facing competition from inside – and outside – the category, insight is critical for maintaining relevance, as **Mick Doran**, head of strategic insights at Heineken UK, explains. By *Lucy Fisher*

Five years into his insights role at Heineken UK, Mick Doran believes that the brewing industry is learning valuable lessons from other FMCG sectors in becoming more consumer-inspired and brand-led. "It's not just about selling great-tasting cider and beer," he explains. "It's about having a category vision, and promoting engagement and enjoyment."

Doran points out that Heineken has gone from what he describes as "little" innovation to more than 10% of its overall sales coming from new brands, or brand extensions. It's clear that the years he spent – before joining the brewer – working at FMCG giants PepsiCo and Procter & Gamble have given him a solid training in how to harness insight to maintain relevance in a fast-moving consumer landscape.

"People get a narrow focus and forget the big picture," he says. "When you look at FMCG companies, for most of them, it starts with a vision. The 'F' is about the speed of the decisions people make every second of the day. It's about working out how best you can influence what triggers those decisions."

Doran says that he's fortunate at Heineken to now work in an environment in which there is "quite a healthy" investment into insight. As head of the consumer and market intelligence team of nine people, his goal is to harness research to help maintain the company's standing as the No1 brewer in the UK, in terms of both value and volume sales (source: BBPA, Nielsen, CGA).

Heineken owns 14 brands in the UK – including Foster's, Strongbow, Bulmers and Desperados – and Doran's team functions as part of a 100-strong marketing department. Since he joined the brewer, Doran has established a shopper segmentation framework, which he says has helped his department to have more fruitful discussions with consumers, as well as internally. The ultimate aim of this segmentation is for Heineken to deliver products that meet changing consumer wants or needs, by looking at the 'what, who, when, where, why' – and the 'why not' – of shopping decisions.

"We used to talk about shoppers as if they were one big amorphous blob," he points out. "This framework is about ensuring their needs are better met."

Agency Insight Inside worked alongside Heineken to develop and update the segmentation to reflect changing consumption patterns, such as a growing interest in low- or no-alcohol versions of products (see 'Everything in moderation' box), and increased drinking at home, rather than in pubs. Partner Michael Martin explains that this information was then used as a springboard to help Heineken deliver an optimum brand portfolio strategy.

He says that the segmentation allows Heineken to take a strategic view of competing drinks, the role of beer, and how its overall offering can evolve. Martin points out, too, that much of the research conducted to develop the tool was carried out online – which, he adds, helps when it comes to ensuring consumers are honest about their drinking habits.

"We go into a lot of detail about the specific occasion," says Martin. "People tend to be quite honest when speaking about an occasion. It was about understanding comparatives, too, and how this translates into triggers and values."

Martin believes that this work helped Heineken to maintain growth at a time when the beer category was contracting. "It's about helping

CV
MICK DORAN

2011 – present:
Head of strategic insights, Heineken UK

2009 – 2011:
Category insights controller, Heineken UK

2006 – 2009:
European consumer and market insights director, PepsiCo

2004 – 2006:
Asia regional innovation insights manager, PepsiCo

2001 – 2004:
Consumer insight manager, Marlow Foods

1996 – 2001:
Consumer and product researcher, Procter & Gamble

calculate where to place your bets," he says. "All businesses are constantly trying to find new places, new spaces for growth."

"It's quite tough in the beer category," adds Peter Walshe, global BrandZ director at Millward Brown, which publishes an annual study to identify the world's most valuable global brands. Its latest study pointed to attempts by the world's four largest global brewers – including Heineken – to ensure they had brands within their portfolios to meet the needs of drinkers in mature – or developed – markets, seeking new tastes and experiences.

As beer is quite a commoditised, promotion-driven market, mass-market offerings such as Heineken have to work hard to stand out.

"The brand needs to be differentiated, which requires innovation," explains Walshe – who points out that innovation, of course, requires insight, to ensure offerings are relevant to each target market. "In supermarkets, it's strongly driven by price, and that's tough for the likes of Heineken, a mass-market brand."

For Doran, the answer to such challenges is to "deep-dive" into drinkers' needs on the specific occasions they choose a beverage: "For instance, is it to sip and unwind? Do they want a refreshing drink, or a drink to liven them up, or to help them transition from one part of the day to the next?"

Heineken has had a busy year in terms of product launches and new brands – bringing to market, earlier this year, a range of new offerings such as Affligem, Old Mout Cider, Foster's Radler 0.0%, Desperados Verde, Strongbow Citrus Edge, Bulmers Indian Summer, and Bulmers Five Fruit Harvest – both of which are 2.8% abv (alcohol by volume) products. Doran, who is passionate about what he does, admits that – when he's shopping – he can't resist checking all the new products and how categories are presented, much to the annoyance of his wife, if she is present.

> "Do people want a drink to sip and unwind? A refreshing drink, or a drink to liven them up, or to help them transition from one part of the day to the next?"

Rosaleen Goldrick, group director in the consumer team at TNS UK, has also been working closely with Heineken on its innovation and product development strategy – looking at pack permutations and flavour variants, for instance, and asking whether its brands are meeting the needs of various shopper segments.

"We embed the shopper segmentation into every piece of research we undertake on its behalf," she says. "When we're working on the innovation pipeline, we ask which of the propositions that we're testing represents an incremental growth opportunity for Heineken, and doesn't risk cannibalisation of sales from other brands within the portfolio."

There are other pressures on brewers these days: as well as the range of choice in the market, the rise of price promotions and heavy discounting in supermarkets has hit the brands hard. Tim Eales, senior insight director at IRI – which has been calling on manufacturers to review their promotional strategies, to assess whether they are working to the benefit of the long-term future of brands – points out that the level of promotion has gone up continuously for the past 12 to 15 years. While, in the past 18 months to two years, it has gone down slightly, says Eales, the cost to the grocery business and to manufacturers is huge.

Doran describes heavy discounting as a "drug that gets abused", and he predicts a rise in more creative types of value-add promotions, designed around what motivates people. "Price is only one lever," he says. "We've done research into understanding take-up and price elasticity, for the

IMPACT

EVERYTHING IN MODERATION

Heineken has identified what Doran refers to as 'moderation' products – which are lower in alcohol – as being an area ripe for innovation, as consumers increasingly make what are perceived to be healthier choices.

As a result, a range of light, easy-drinking – and often fruity – products have been launched, such as Foster's Radler, and Bulmers' low-alcohol products. They are designed to be refreshing without containing a high alcohol content.

"It's about offering more than just shandy," explains Doran. "It's about having a vision for the moderation category, and responding to what people are doing. People are looking for credible low- or no-alcohol options, which still taste good. For instance, Foster's Radler – which was launched in the UK just over a year ago – is cut with lemon, and has only 2% abv."

By broadening its range of moderation offerings, Heineken aims to bring new consumers into the category. Doran's team conducted research to understand motivations, barriers, and behaviours within the world of moderation drinking, to identify potential areas for growth. The insight function has also helped to shape the offering in terms of merchandising and shopper activation, by combining qualitative and quantitative research techniques, including online forums, in-depth interviews, ethnography, and concept testing.

So-called 'moderation bays' are being rolled out in supermarkets, borne from the insight that such options are not always in people's minds. The aim is to trigger interest in the category, which Heineken has predicted could reach £200m by 2020. The moderation category is now worth £53m annually, and is growing at 61% year on year, according to data from Nielsen.

In the past, low- or no-alcohol drinks have struggled to make a significant impact. Doran claims the big difference now is that – as well as producing better tasting drinks – the brand understands the motivations of people who want a product like this, and the occasions when they would want it.

"We are also working with retailers to present these products in a more educational way; helping consumers understand there doesn't need to be a trade-off re taste. We are investing money to communicate these products, and doing lots of sampling, so people have a risk-free way of tasting the products," Doran says.

"This backs our assertion that the category brings new shoppers," says Joanne Cunningham, category and shopper intelligence manager, Heineken UK. "It meets previously unmet consumer needs."

optimum level of promotion. It was the same at PepsiCo with the Tropicana brand. You have to ask, 'what's the optimum, so that the shopper is happy, without discounts having a negative impact on brand?'"

He believes talking to consumers at the point of purchase is key to discovering their true motivations, and, for this reason, he emphasises the importance of ethnographic research. "We need to look at what they do – not just what they say – to feed our insight-generation process," Doran says. "It's about observation, close to the point of consumption."

"Humans aren't rational," he adds, pointing out that it's important to leverage numerous research techniques in what he describes as something of a "bricolage" approach.

"Focus groups have a role, but they can be filtered – and our consumers don't spend all their time thinking about beer," he says. "It's the same with nappies, with skincare… it's important to understand the broader life context."

At a global level, Doran says that Heineken is looking into new research techniques, such as neuroscience. Via media giant AOL, the brewer also benefited from some research – conducted by emotional analytics platform Realeyes – that looked at how people feel when they watch videos online.

Mikhel Jäätma, CEO at Realeyes, explains that this involved people watching videos via a webcam – which could be on a phone or a laptop,

at home or at work – so that the research was conducted in a very natural setting. The aim was to discover the optimal length of video advertising online, as well as which storylines worked best in which markets, given that the technology is able to register emotions such as surprise or shock. Jäätma sees this technique as having a clear link with ethnographic research. "It's contextual," he says. "It's not reporting, but observation."

Doran is adamant, too, that disseminating insight throughout the organisation – and ensuring that it is useful and relevant, and that his team has a say at the decision-making table – is central to his role. "We're not a university," he points out. "The goal of our research is not knowledge acquisition, but better decision-making and action.

"Individuals have to learn to influence, and to be better storytellers. It's about taking what we do, and making it live and breathe," he says. "When I first joined, I was a bit surprised; brewing is a fantastic tradition, and Heineken is a family owned business, and that's all well and good – but you need to have your finger on the pulse.

"People's choices of beverage consumption have changed. Now, I might meet a friend in Starbucks, whereas before it would have been in a pub. It's no longer beer versus beer. All types of drink represent a potential competitor. Our work is about putting the consumer at the heart of the organisation." ∎