D2C BRANDS ON THE RISE, MAKING INROADS TO TV

4C: GROWTH PUSHES BRANDS BEYOND DIGITAL

The retail sector is going through a disruption not seen in generations, and while that means some clients disappear, other new ones are coming to television for the same reason as their predecessors.

Marketing tech company 4C says it’s seen a greater number of direct-to-consumer (D2C) brands using television to gain a share of consumers’ wallets. They include brands like Wayfair, Hello Fresh, Jet and Stitch Fix.

“This new segment of brands has turned away from the traditional retail model, cutting out the middleman in order to sell, as the name suggests, directly to consumers,” 4C says.

But it says those upstarts aren’t throwing all tried-and-true brand-building strategies out the window. “As D2C brands continue to grow, many are now expanding their advertising efforts to include non-digital channels like TV, where they can broaden their reach and apply insights to better connect with their audience,” 4C says.

What’s different is how D2Cs are making their buying decisions. Because they have smaller marketing budgets than the incumbents they’re targeting, most have been forced to look at more efficient, highly-targeted ways for using TV.

“It’s not just about eyeballs anymore, it’s about the right eyeballs,” says Amjad Shehade, 4C’s SVP of sales. “While TV has historically been a channel for reach, direct-to-consumer brands are approaching it more as a direct response channel. The use of data-driven TV strategies and advanced TV solutions are allowing for a fundamental shift in TV, where financial barriers to entry are reduced and a brand’s return on its investment is much more easily measured.”

That fine-tuning is made easier by the fact that D2C brands, by their digital-only nature, collect a lot more consumer data. That allows them to more easily target their media buys. It’s why 4C says the top place to see a Wayfair ad is during VH1’s Basketball Wives or a Hello Fresh spot on E!’s Total Divas. The bottom line, according to 4C, is they have data and aren’t afraid to use it. “One of the most important advantages D2C brands have is that they are able to learn more about their consumers with owned data than more traditional brands would without digital data,” says 4C’s Peter Malile. “By owning the transactional relationship, these brands can collect valuable data in-house and can predict future customers through tools like lookalike audiences.”

4C predicts during 2019 “at least two” D2C brands will become top 15 television advertisers. To size up where things stand already, 4C looked at a sample of TV channel ads in 2018 and found No. 1 D2C advertiser Wayfair ran 162 ad minutes versus 750 run by Walmart on those same channels. Peloton ran 50 ad minutes versus 152 by Planet Fitness. And Hello Fresh ran 41 ad minutes compared to 49 by supermarket chain Kroger.

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ADVERTISER NEWS

Home Depot is laying off employees across the U.S. The Street first reported that the move would exclusively affect exterior installation employees at the home-improvement chain and that the cuts were affecting fewer than 1,000 people. Home Depot’s website describes its installation services team as consisting of professional installers who work in partnership with the company... Called out in an NBC News report for putting tip contributions toward its workers’ guaranteed $10 delivery payments, Instacart has reversed its policy and promised to pass shoppers’ tips straight to delivery people in addition to regular pay, The New York Times reports. “While our intention was to increase the guaranteed payment for small orders,” wrote the company’s chief executive, Apoorva Mehta, in a blog post, “we understand that the inclusion of tips as a part of this guarantee was misguided.” Mehta also apologized for the company’s approach... Blue Apron has had its problems of late, but it can’t be faulted for failing to try a variety of tactics to get back on track, TechCrunch reports. With its new Knick Knacks meal kit line available on Jet.com, the company is addressing two consumer sticking points: high cost and the requirement to subscribe. Knick Knacks will sell for $7.99 vs. the standard $17-$23 and can be ordered individually... Kroger paid $200 million last year for the online meal kit subscription service Home Chef, and it looks like the retailer is being serious about making good on the investment, according to Digital Commerce 360. Kroger will roll out meal kits to 500 more of its stores under various banners... Shopko, the Wisconsin-based discount department store chain, issued a list of store closures this week that revealed it is planning to shutter 251 stores, or about 70 percent of its locations, the Green Bay (Wis.) Press Gazette reports. That number is more than double what Shopko announced in mid-January... Last summer, when IHOP teased that it would change its name to “IHOb,” it generated a lot of buzz on social media but it was unclear if it would help generate sales. The results are in. Chief Marketing Officer Brad Haley said yesterday that the company sold four times more burgers after the campaign. IHOP used the marketing stunt to promote its new line of burgers, designed to lure in customers during lunchtime. Although IHOP has been selling burgers in its diners for years, many customers still only thought of the restaurant for pancakes and other breakfast food. Prior to the campaign, traffic to IHOP locations had been declining for the last 10 quarters.
J&J DRUG PRICES COMING TO TV COMMERCIALS

Johnson & Johnson said yesterday it will start giving the list price of its prescription drugs in television ads, the Associated Press reports.

The company would be the first drugmaker to take that step. The health care giant will begin with its popular blood thinner, Xarelto, said Scott White, head of J&J’s North American pharmaceutical marketing. By late March, commercials will give the pill’s list price plus typical out-of-pocket costs. The information will appear on screen at the end of the commercial and include a website where people can enter insurance information to get more specific costs.

Without insurance, Xarelto costs $450 to $540 per month, depending on the pharmacy. About 1 million Xarelto prescriptions are filled in the U.S. each month.

J&J’s move comes amid growing scrutiny of soaring brand-name drug prices — and follows a Trump administration proposal to require list prices in TV ads. The pharmaceutical industry opposes that, arguing few people pay the high list prices. Some people’s out-of-pocket costs, though, are based on list prices.

The main drugmaker trade group instead recommends TV ads start listing a website that gives possible out-of-pocket costs and list prices. Last month, Eli Lilly started doing so, in ads for diabetes medicine Trulicity.

COMING FROM AMAZON: PRIVATE-LABEL POT?

A new survey shows that Amazon shoppers would be open to more private-label goods from the e-commerce giant.

Consumers can buy almost anything on Amazon.com, but they’d like to be able to purchase more, including prescription drugs, medical marijuana and cryptocurrency, according to an Investing.com study reported by MarketWatch.

Investing.com polled about 1,000 Amazon shoppers, both Prime members and non-Prime members. Of the 1,013 respondents to a question asking which products and services they would feel comfortable purchasing beneath an “Amazon” brand, 36.7 percent said prescription drugs, 29.5 percent said medical marijuana, 16 percent said virtual doctor visits, and 12.7 percent were fine with cryptocurrencies.

Nearly three-quarters of respondents (72.9%) said they would be comfortable buying an Amazon-branded computer, the top answer.

An Amazon-branded computer is also the most “hypothetically anticipated” Amazon product, the survey found. Medical marijuana and prescription drugs also made the top five of that list, along with health-care coverage.
FCA PROFIT RISES; FORD TO INVEST $1B

Fiat Chrysler Automobiles, boosted by robust gains in North America, yesterday posted a 61 percent surge in fourth-quarter net income to $1.47 billion along with revenue growth of 6 percent to $34.7 billion, Automotive News says.

For the full year, FCA’s net income rose 3 percent to $4.1 billion. Revenue for the year ramped up 4 percent to $131 billion. FCA said its 44,000 UAW-represented workers in the U.S. will receive average profit-sharing payments of $6,000, a $500 increase from the year before, on March 8.

The company said it invested more than $10 billion and created nearly 30,000 jobs in the U.S. in the last decade.

FCA also said it paid $77 million in U.S. civil penalties late last year for failing to meet 2016 model year fuel economy requirements, in the first significant sign the auto industry is facing hurdles in meeting tougher emissions rules.

Meanwhile, Ford said it would add 500 jobs at its Chicago Assembly and Chicago Stamping plants as part of a $1 billion investment to accommodate production of the redesigned Explorer and Police Interceptor and the new Lincoln Aviator crossover.

The plants will be retooled for added capacity beginning next month for the 2020 model-year vehicles. Planned upgrades include a new body and paint shop, as well as new stamping lines, Ford said in a statement yesterday.

Ford will invest $40 million on employee-focused improvements, including new LED lights, a better cafeteria, new break areas and parking lot security guards.

AND ABOUT THAT STRUGGLING SALES REP...

Carter Cast, a professor at the Northwestern University Kellogg School of Management and author of The Right and Wrong Stuff, knows what it takes to succeed as a leader. He has uncovered that, if your sales reps run into trouble when making the leap to managerial roles, lack of feedback may be the cause.

If you’ve got a sales manager who’s failing to set an example or develop their team members, you’ll need to address the problem. For example, to improve the new manager’s performance, coach them on what they need to do to develop a specific skill. Something like learning to master PowerPoint falls into this category.

Positive reinforcement is another powerful form of feedback. Encourage your struggling sales managers to focus on areas where they already excel.

The most difficult feedback to deliver is when you have talk to the new manager about how they need to change a basic part of their personality or style. Deliver this kind of news in the most positive way. Explain how negative tendencies, such as an inability to stay focused when giving a sales presentation, are holding them back from advancing in their career. If your budget allows, hire a coach for a few sessions, but only if your newly-promoted manager agrees to work on their problem area.

If they’re successful in changing, they’ll excel, and your organization will reap the rewards.

Source: SalesFuel - Manage Smarter

HOMESELLER PROFITS HIT 12-YEAR HIGH

Home sellers in 2018 realized an average home price gain since purchase of $61,000, up from $50,000 last year and up from $39,500 two years ago in 2016 to the highest level since 2006 — a 12-year high, Builder Online reports, citing information from ATTOM Data Solutions.

That $61,000 average homeseller profit represented an average 32.6 percent return on investment compared to the original purchase price, up from 27 percent last year and up from 21.9 percent in 2016 to the highest average home seller ROI since 2006.

“While 2018 was the most profitable time to sell a home in more than 12 years, those along the coasts reaped the most gains. However, those are the same areas where homeowners are staying put longer,” said Todd Teta, chief product officer at ATTOM Data Solutions.

“The economy is still going strong and home loan rates remain historically low. But there are potential clouds on the horizon. The effects of last year’s tax cuts are wearing off as limits on homeowner tax deductions are in place and mortgage rates are ticking up ever so slowly, so this could dampen the potential for home price gains in 2019.”

The areas with the highest average homeseller ROI, all on the West Coast, were San Jose, Calif. (108.8%); San Francisco (78.6%); Seattle (70.7%); Merced, Calif. (66.4%); and Santa Rosa, Calif. (66.1%).

WEDNESDAY NIELSEN RATINGS - LIVE + SAME DAY

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<tr>
<th>Time</th>
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