

Cassies 2006 Cases

Brand/Case: Couche-Tard Milk Campaign

Winner: Retail—Silver

Client Credits: Alimentation Couche-Tard

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Crossover Notes: All winning cases contain lessons that cross over from one case to another. David Rutherford has been identifying these as Crossover Notes since Cassies 1997. The full set for Cassies 2006 can be downloaded from the Case Library section at www.cassies.ca

- Crossover Note 7. Fighting for the Same High Ground.
- Crossover Note 9. Turnarounds.
- Crossover Note 18. Keeping it Simple.
- Crossover Note 21. Likeability.
- Crossover Note 33. Changing the Target Audience.

To see creative, go to the Case Library Index and click on the additional links beside the case.

EXECUTIVE SUMMARY

Business Results Period (Consecutive Months): May 2005 – April 2006.
Start of Advertising/Communication Effort: April 2005
Base Period for Comparison: Year ago

In an industry where competition is as fierce as the margins are low, Alimentation Couche-Tard faced a daunting challenge in 2005: stop the migration of milk sales to grocery chains, and convince increasingly health-conscious consumers to buy their milk in stores known for their wide selection of beer, cigarettes and lottery tickets.

With milk sales declining since the chains began promoting milk at the lowest price permitted by law, we faced mounting pressure to turn things around. [Crossover Note 9](#).

This we did.

Sales of the featured 4 litre format nearly doubled in the Results Year, against a +50% objective. Read on to see what caused this success.

SITUATION ANALYSIS

a) Overall Assessment

Quebec's Alimentation Couche-Tard was hugely successful at running its growing chain of convenience stores, but it faced increased competition from the grocery chains. They had longer opening hours and one-stop shopping. And people felt that Couche-Tard products weren't as fresh and affordable

Early in 2004, things took a turn for the worse when the chains decided to aggressively advertise milk at the lowest price permitted by law. Loblaws, Metro and IGA launched full-page newspaper campaigns in support. As a result, Couche-Tard's total milk sales dropped by 9.5%, and the biggest-selling 4 litre format went down by 14.5%.

Margins on most in-store items were already cut-rate so we couldn't increase our competitive edge in other categories to compensate for the loss of milk sales. Further, expanding the network was ruled out, given our regional dominance.

We had to get milk sales back on track, and the decision was made to match the grocery chains at the government's floor price. [Crossover Note 7](#).

b) Resulting Objective:

1. Position Couche-Tard as a great place to buy milk
2. Establish that Couche-Tard offers the lowest price possible on milk—not as a one-off promotion, but as an everyday low price
3. Convince consumers that Couche-Tard milk is just as fresh as supermarket milk
4. Increase sales of the 4 litre milk format by 50% by the end of April 2006

STRATEGY & INSIGHT

After matching the floor price, what more could we do to differentiate the offer? We couldn't change the product, or the distribution strategy. Success would have to come from advertising and communication.

The Insight: We saw a flaw in the way the grocery stores had positioned their offer. By claiming to sell at "the lowest price permitted by law," they were indirectly giving the government credit for the initiative. We would offer a "guarantee of the lowest price." This was a leadership stance, and helped minimize any perception of being a me-too.

Focus: We decided to focus on the biggest-selling 4 litre sku (44% of sales), to maximize the impact on sales, and optimize the clarity of our message. **Crossover Note 18.**

Unconventional Targeting: We decided to target men. **Crossover Note 33.** This may seem risky, given that women are traditionally the ones who buy the groceries. But Couche-Tard wasn't top-of-mind with women for freshness. And men, who knew us for speed and convenience, would be more receptive to our offer. Also, they could justify their choice to their wives by the "guaranteed lowest price."

Men are notorious for hating to shop, but we reasoned that if they knew about the exceptional price of Couche-Tard milk, they would want to get it, because of the quick in-and-out experience. And their better half might even look upon the lowly convenience store more favorably as a result!

EXECUTION

We decided to use humour to get what was essentially an uninspiring low-price message through to men (25-44, married or common law, with children). And given our "low fat" budget, we used radio (a) for efficiency, and (b) to get the humour across.

We concentrated the weight, with flights running for 5 wks in April/May 05; 4 wks in September 05; 3 wks in November 05. We produced multiple executions in English and French so as to limit wear-out. We also used prominent in- and out-of-store advertising to draw attention to the low-priced offer and round out the campaign.

The radio had a street-smart edge, and featured men being men—drinking directly from the carton to celebrate a recent break-up, or leaving a jug in the fridge for ages, to be discovered by a horrified girlfriend. The commercials also had the lowest price guarantee taking up 2/3 of the spot, to make sure the message got through.

BUSINESS RESULTS

The impact on sales was dramatic. The 4 litre format jumped 96 % for the 12 month period ending April 2006, almost doubling the +50% sales objective.

According to a Léger Marketing survey in September 2005 (following the second media flight), 25% of Quebecers recalled the campaign, with total awareness among “milk intenders” reaching 54%, over twice the established standards for a radio campaign of similar spending. Likeability was also high, at 65%. **Crossover Note 21.**

Most importantly, the campaign had a tremendous impact on purchase intent with 63% claiming they would take advantage of the offer—helping give Couche-Tard legitimacy for healthful products, which had traditionally been the domain of grocery banners.

CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

Matching of the floor price doubtless had an impact on Couche-Tard’s milk sales.

However, before the launch of this campaign, Couche-Tard was known as a destination for beer, cigarettes, lottery tickets and last-minute, high-priced dry goods—not ultra-fresh, low-priced milk. Pricing alone would not have convinced today’s health-conscious consumers to make the detour to Couche-Tard for a staple they could just as easily get at their local supermarket.

Furthermore, it is clear from the weekly tracking of milk sales that advertising was the driving force behind the turnaround. The observed spikes in sales coincided with the campaign flights. [Data were provided.] Best of all, the effect on sales outlasted the duration of each flight, proving that the communication had a lasting effect on buyer behaviour.

And this was achieved on a shoestring budget against the province’s grocery retail giants.