

Agency: Kelley Advertising Inc

Authors: P Sagar, P Breithaupt and Denise Marshall

Mono Foam

EXECUTIVE SUMMARY

As this case illustrates, consumer advertising can cause a dramatic increase in sales volume, market share and operating income even for utilitarian, do-it-yourself (DIY) products such as Mono Foam, an expanding insulating foam in an aerosol can. Since the product's launch in 1988, all marketing mix elements have remained constant, except for TV advertising which was used initially in 1991, in one regional test market, followed by a national roll-out in 1992, 1993 and 1994.

By the end of 1994, operating income had more than doubled and sales volume had increased five-fold. Market share to the end of 1993 had increased 147% (1994 figures not available at time of writing).

SITUATION ANALYSIS

Throughout the 1980s, there existed a limited array of expanding insulating foam products in an aerosol format. These products were given limited display within caulking sections of hardware, building supply and mass merchandising stores. Essentially all the competitors were imported brands with names such as Sista, Great Stuff and Foamit.

Many retailers, and most do-it-yourselfers (DIYers), were unaware of the existence of these products. Unit volume sales compared to caulking sales were less than 1 to 20.

In 1988, Tremco Ltd introduced a product to compete in this niche category. The product was named Mono Foam. It was positioned as a line extension to its already successful (number one in market share) Mono line of caulking products. The launch was supported by a limited amount of trade advertising. The entry gained distribution through Tremco's sales force and on the strength of the Mono brand reputation.

Sales peaked in the first year and over the next two years remained unchanged. Apart from the modest trade advertising in the 1988 introduction, there was no support or marketing investment for the product. The market size during that period also remained stable and was virtually unaffected by the introduction of Mono Foam.

Although positioned as the quality leader, Mono Foam was not the leader in terms of share. Market research placed Mono Foam in the number three position in 1988, 1989 and 1990. As a result, Mono Foam's performance was seen as little more than that of a line extension, generating only limited operating income for the company.

In the late 1980s the market remained static, with no competitors supporting their brand by anything more than the infrequent trade discounts common to the industry.

STRATEGY AND EXECUTION

Tremco began a limited advertising campaign in 1991 with several stated objectives:

- Determine whether advertising could grow sales volume and market share.
- Increase the total market by introducing the product concept and its benefits to DIYers.

- Improve Mono Foam's profitability.

Market research was conducted to determine awareness, usage and attitudes towards the category. This information was collected prior to the market test and was used as the benchmark for post-test research. Although these measurements were important, the change in sales volume, market share and operating income were to be the key measurements of success.

In 1991 a test market was selected and a simple demonstration-style commercial was produced to:

- Introduce the expanding foam insulation product concept.
- Demonstrate many of its applications.
- Show the benefits of using the Mono brand.
- Establish the product as having Mono brand quality and reliability.

Relatively low weights of television were used, aimed primarily at the DIYers during the peak, fall selling season. During the test period, there were no different or unusual trade allowances and no elements were changed in the marketing mix.

The outcome of the test market was very encouraging in terms of incremental sales, share growth and increased profitability.

As a result, the decision was made to roll out the campaign to other markets. The roll-out's speed and extent were determined by budget considerations.

RESULTS

In 1991, with modest TV weights against male DIYers, 25 to 54, in one regional market, sales volume and market share increased moderately.

Sales volume and market share continued to grow in the second, third and fourth years (1992, 1993 and 1994) as the television advertising support was rolled out nationally ([Figure 1](#) and [Figure 2](#)). Even though the other sales indicators showed consistent improvement during the full advertising period, operating income did not increase until years three and four (1993 and 1994), and it had more than doubled by the end of 1994 ([Figure 3](#)).

The investment in advertising for this product ([Figure 4](#)) also produced a number of other important results beyond sales volume, market share and operating income growth.

The market grew dramatically. Mono Foam's growth has made the brand the largest winner by increasing the size of the total market. Mono Foam earned a leadership position in this foam market.

Mono Foam earned a leadership position in this foam market with 37% share of market in 1993 (Source: Annual Tracking Study, Karom Research), even though it was a late entry into the category and was positioned as a quality, premium-priced product.

More retailers decided to regularly stock the product to satisfy customer demand. In addition, the number of Mono Foam stock keeping units (SKUs) increased to accommodate consumer demand for different sized containers.

Retailers increased the shelf space and promotional displays to meet consumer demand. Many competitive products were delisted by wholesale distributors and retailers due to lack of sales.

CLIENT

Tremco Ltd

Paul Sagar

Marketing Manager

AGENCY

Kelley Advertising Inc

Paul Breithaupt
Denise Marshall

VP Creative
VP Account Director

NOTES & EXHIBITS

FIGURE 1: MARKET SHARE INDICES

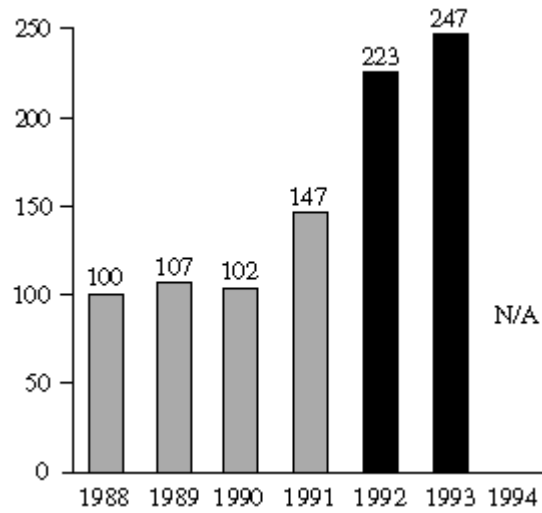


FIGURE 2: SALES VOLUME INDICES

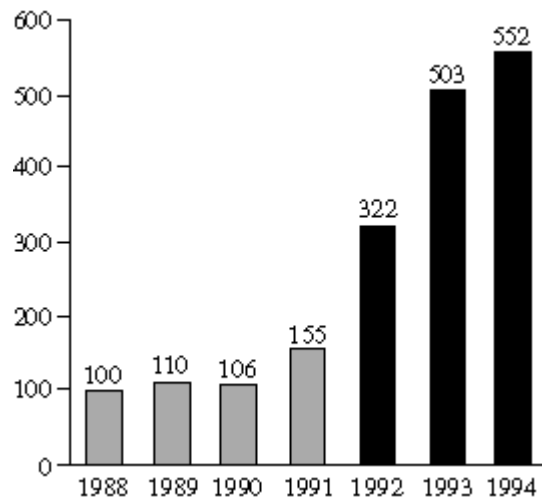


FIGURE 3: OPERATING INCOME INDICES

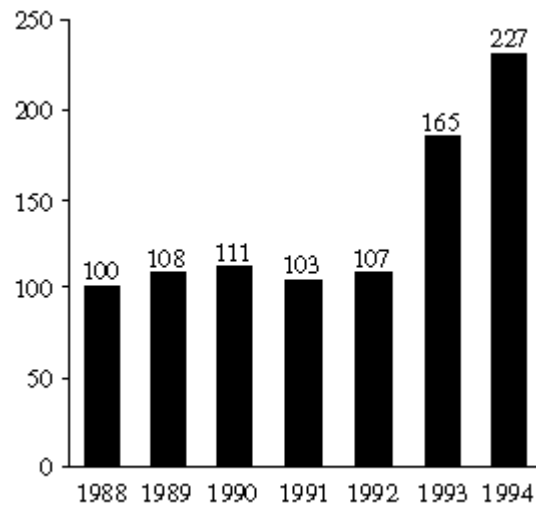
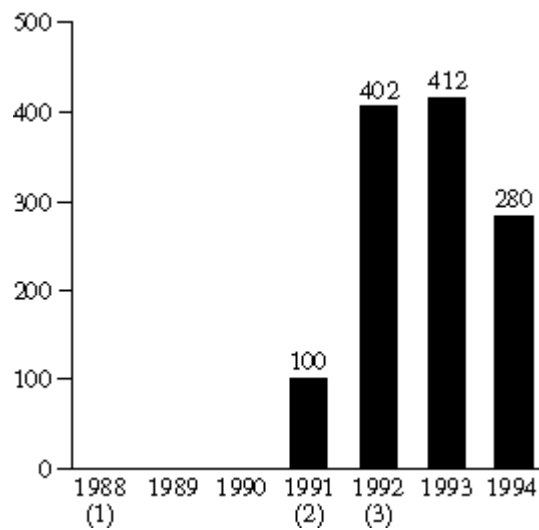


FIGURE 4: TELEVISION ADVERTISING EXPENDITURE INDICES



- (1) Trade (print) advertising to launch Mono Foam. No consumer advertising.
 (2) TV advertising test market versus control market (no advertising).
 (3) National roll out of television advertising.
-