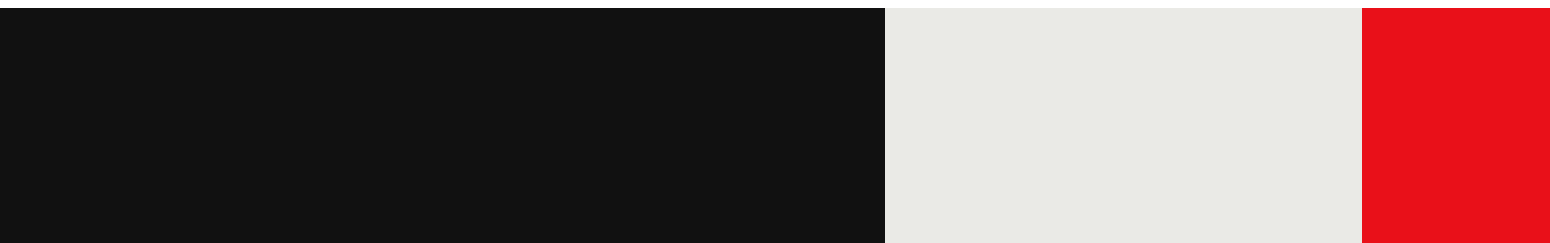



Coca-Cola, Gap adjust marketing strategies to stay lean, grow

Article



From adopting AI tools and story-forward marketing campaigns to expanding digital initiatives and product assortment, brands are embracing new approaches to engage budget-cautious consumers. Here are five insights into how companies are adjusting strategies this year, according to recent earnings calls.

1. AI helps Procter and Gamble keep costs down

AI tools are generating \$200 to \$300 million in savings opportunities for Procter & Gamble, as the company uses them to improve sourcing and fulfilling orders, according to Jon Moeller, chairman of the board, president, and CEO.

The company is also using AI for marketing productivity, trying to reduce the number of times customers are served ads while increasing reach.

“We continue to be a constructive disruptor of brand building, in housing more of the media planning and placement activity, using our proprietary tools and consumer data to increase effectiveness and efficiency of our communication,” said Moeller.

2. The Coca-Cola Co. goes digital to reach Gen Z

“Our marketing has shifted from a TV-centric model to a digital-first organization that balances local intimacy, scale, and flexibility,” said chairman and CEO James Quincey in a Q4 2023 earnings call, sharing that the company’s digital advertising mix has gone from less than 30% in 2019 to approximately 60% of total media spend.

Last year, Coca-Cola launched Studio X, a business unit that combines creative, media, social, and production capabilities to enable faster production and make it easier for the company to share data across the organization.

“In our previous model, it took several months to create a TV ad,” said Quincey. “Now we're producing thousands of pieces of digital content that are contextually relevant and measuring these results in real time.”

- One campaign, Coke Studio, launched in Pakistan and has expanded to Coca-Cola’s top 40 markets.
- The Coke Studio campaign directs consumers to digital experiences through QR codes that have generated more than 1.2 billion YouTube views and 100 million music streams in 2023. Quincey said the campaign was very effective on Gen Z.

3. The Kraft Heinz Co. mixes up products for dollar, club stores

“What we see is low-income consumers shopping more at places like dollar stores and higher-income consumers shopping at more club stores,” said CEO Carlos Abrams-Rivera in a Q4 2023 earnings call. “But mostly, we are seeing them looking for smaller trips to stretch their dollar further.”

Kraft Heinz is expanding its assortment in club and dollar stores to attract value-seeking consumers:

- The company introduced several new brands into club stores in 2023, including Capri Sun and Lunchables Classic Pasta Sauce. In 2024, Kraft Heinz intends to increase its brands in club stores by 20%.
- Currently, Kraft Heinz has over 300 SKUs in dollar stores and plans to increase that by 10% this year.

4. Gap Inc. gets efficient with marketing dollars

“We're approaching [the marketing mix] very differently than in the past,” said CEO Richard Dickson in a Q4 2023 earnings call. “There really is an art and science to creating demand today, and Gap Inc.'s brands have been behind, but we are working on delivering more efficiency with our marketing and media dollars to have more specific and significant impact.”

This could take the shape of more brand-focused storytelling campaigns, similar to Gap's [Linen Moves campaign](#), which it launched earlier this year across streaming, linear, and social. The campaign, which features musical artists Tyla and Jungle, has become one of the brand's highest-performing videos on both [TikTok](#) and Instagram.

“Marketing dollars are continuing to come down year over year and that is a direct function of driving a more innovative approach to how we market,” Dickson said.

5. Starbucks eyes growth in delivery

Boosted by its partnership with DoorDash, Starbucks' US delivery business grew nearly 80% YoY in 2023, according to the company's Q1 2024 earnings report.

There's still room to grow, as delivery only represents 2% of transactions, according to CEO Laxman Narasimhan.

Starbucks is conducting a pilot with Gopuff, targeting overnight orders between 5:00pm and 5:00am. The program offers delivery in about 30 minutes, using Starbucks-trained baristas to prepare drinks and food inside Gopuff micro fulfillment centers.

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