

THE HUB Top 12

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Welcome to the second annual *Hub Top 12* report on shopper marketing excellence! This year we expanded our rankings from 10 to 12 because of dead-heat results that would have made it unfair to arbitrarily cut out certain brand marketers and agencies that deserve to be on the first string and not relegated to 'honorable mention' status.

The most significant difference between this year's survey and last year's is that this year the number of usable responses more than doubled—from 131 in 2008 to 280 in 2009—a difference of 113 percent. Thanks to Jason Buschlen, who leads the Shopper Insights and Marketing Professionals Group on LinkedIn, and to the Promotion Marketing Association, who both worked hard to get their members to participate in this initiative.

For those of you who may be unfamiliar with the *Hub Top 12*, the objectives of this report are to:

- Develop a benchmark that brand marketers can use as a pre-screening device when looking for agencies with shopper-marketing expertise.
- Identify the strengths and weaknesses of both brand marketers and agencies in planning, implementing and collaborating on the various aspects of shopper marketing that are important to each group respectively, for the purpose of improving industry performance overall.
- Establish a statistical basis against which to benchmark both performance and progress in future surveys.

How are we doing against these objectives? About two months ago, we received the following unsolicited comment from a major manufacturer:

"Thank you for the Hub shopper marketing report! This has saved us innumerable hours in our search for an agency that can help us achieve our objective of becoming a BIC [Best in Class] shopper marketing supplier by 2012.

"We used your rankings exclusively to identify candidates for RFPs and have just chosen one as an AOR. This has been a real help to us and—we are sure—to the industry in general."

As far as our progress against the other two objectives, stay tuned. The balance of this article outlines some significant changes in the rankings versus last year and zeroes-in on those areas in which both brand marketers and agencies have progressed, as well as areas that each needs to address.

Because the scope of this article is obviously limited by space constraints, we will shortly be publishing a fully detailed report that will be available in hard copy and announced as soon as it is ready.

The “best of the best” in shopper marketing get better and better.

SHOPPER MARKETING AGENCIES

Let’s first focus on how brand marketers think their shopper marketing agencies are performing against the individual criteria detailed in the survey and the progress — or lack of progress — made since 2008.

Agencies continue to do well with “Shopper Marketing Concept Understanding,” “Key Account Knowledge” and “Research Capabilities,” which are ranked 1, 2, and 3 respectively out of 10 performance areas — almost the same as agencies ranked in these areas last year.

Despite its #3 ranking, “Research Capabilities” was an area singled out by two leading brand marketers as a key opportunity area for agencies — an area where they feel that agencies that make research a priority could gain a competitive advantage.

The areas in which agencies have made the most progress since last year are “Strategic Planning” and “Understanding Shopper Motivations.” “Strategic Planning” ratings jumped from 90 to 100 between 2008 and 2009 and moved up from the #9 slot to #5 on the rankings chart. “Understanding Shopper Motivations” improved from 90 to 96 and jumped from last place (#10) in 2008 to #7 in 2009.

The areas on which agencies need to focus between now and next year are “Growth Culture,” “Programming Innovation” and “Getting Results,” in that order. Between 2008 and 2009, “Growth Culture” — defined as continually expanding shopper marketing understanding and capabilities through focused research and training — dropped from 94 to 88 index points and from #8 to last place in the performance.

Similarly, “Programming Innovation” — usually the strong point of most agencies — dropped from 94 to 88 and from #7 to #9. More important, brand marketers chose to write in ‘none’ as their #4 choice in ranking individual agencies in this area. This can be interpreted as a message that brand marketers think their agencies need to improve in this area, despite the fact that many agencies consider this to be their reason-for-being and a core strength.

“Getting Results” — which is what shopper

Agencies

Performance Area	Index to Average
1. Shopper Marketing Concept Understanding	123
2. Key Account Knowledge	110
3. Research Capabilities	102
4. Programming Relevancy	102
5. Strategic Planning	100
6. Execution	98
7. Understanding Shopper Motivations	96
8. Getting Results	93
9. Programming Innovation	88
10. Growth Culture	88

Brand Marketers

Performance Area	Index to Average
1. Uniformity of Shopper Marketing Vision	126
2. Integration and Coordination Among/ Between Departments	120
3. Understanding Shopper Motivations	107
4. Clearest Shopper Strategy & Objectives	106
5. Openness/Willingness to Share	98
6. Accessibility to Key Decision-Makers	95
7. Best Planning	93
8. Best Budgeting Practices	86
9. Feedback and Constructive Criticism	85
10. Best Approvals Process	82

Agencies must work on innovation and getting results.

marketing is all about—is another area in which agencies declined from 2008 to 2009—from 98 to 93 and from #6 to #8. While we recognize that agencies cannot be held entirely responsible for results, this could be a heads-up on the importance of starting out one’s programming to focus on only one or two carefully defined, agreed-upon objectives against which the agency is measured.

Conversely, this could also be linked to declining performance on the brand-marketer side—“Openness/Willingness to Share Insights” and “Feedback and Constructive Criticism” (discussed in a moment). Either way, bringing this together for both parties is essential.

So who’s doing most of this right overall?

Congratulations again to Mars Advertising who, in the opinion of 28.5% of the brand marketers responding to this survey, is currently the “best of

the best” shopper marketing agency in 2009. Mars not only won the top spot for the second year in a row, but captured the #1 ranking in all 10 individual performance areas—a remarkable achievement given the intense competition that Mars now faces in this arena.

Close behind Mars at 25.6% is RPM Connect, a division of the D.L. Ryan

Companies, which not only won the #2 spot overall but also the #2 spot in every individual performance area. When we asked Joe Robinson, President of RPM Connect, how he did this, he said it wasn’t all that difficult: “We studied the criteria in last year’s *Hub* report, analyzed its implications and literally restructured the agency to focus on being the best in the business against these standards. Next year we intend to be #1.”

Congratulations are also in order for Integrated Marketing Services, who was not on the list last year but captured the #4 spot in 2009.

Consistency is also important. TracyLocke retained the #3 spot in 2009, Catapult the #5 and Malone Advertising #6, while Ryan Partnership, Saatchi & Saatchi X, Integer and Marketing Drive continued to rank in the Top 12. And, finally, we want to acknowledge G2 and Upshot, who made the list for the first time.

BRAND MARKETERS

Overall, the two performance areas in which brand marketers significantly improved are “Integration and

Coordination Among/Between Departments” and “Clearest Shopper Strategy and Objectives.” Based on agency feedback, however, brand marketers need work in “Best Budgeting Practices,” “Openness/Willingness to Share Insights,” “Feedback and Constructive Criticism,” and “Best Approvals Process.”

The most striking improvement by brand marketers is in “Integration and Coordination Among/Between Departments”—a full 10-point increase since last year—up from 110 to 120, suggesting that manufacturers are integrating shopper marketing into the fabric of their companies rather than viewing it as a bolt-on.

As one agency put it, “ConAgra has integrated its shopper marketing, shopper insights, in-store display and category leadership departments into functional areas with a common goal”—a statement that mirrors many similar comments we got from agencies regarding other top brand marketers such as P&G, Kimberly-Clark, Unilever and Clorox.

No doubt an offshoot of this is that agencies find their clients are providing much better direction with respect to clarity of “Strategy and Objectives.” This is an area that improved by five points over last year and nudged up from #5 to #4 in the performance rankings.

Of concern, however, is the decline in brand marketers’ performance in “Budgeting Practices” (not to be confused with size of budgets) which are defined as “consistency, reliability, spending commensurate with objectives and priorities.”

In this area, brand marketers took a nine-point hit—from 95 last year to 86 this year—and got a ‘none’ rating in 6th place—which means that the agency community in general feels that no manufacturer is filling this bill well beyond the top five. While some of this may understandably be driven by the economy, agencies can hardly be expected to turn in consistently excellent results if the funding is inadequate to the task or if the ground rules are changed in the middle of the game.

Agency findings on brand marketers’ “Openness/Willingness to Share Insights” and on providing “Feedback and Constructive Criticism” indicates that these are areas on which brand marketers also need focus.

Compared to 2008, brand marketers’ ratings on “Openness/Willingness to Share Insights” dropped seven points—from 105 to 98. Their ratings on “Feedback and Constructive Criticism” meanwhile dropped five points—from 90 to 85 (“Feedback and Constructive Criticism” is also second from last in the 2009 performance area rankings).



SHOPPER MARKETING EXCELLENCE

Agencies

1. Mars Advertising
2. RPM Connect
3. TracyLocke
4. Integrated Marketing
5. Catapult Marketing
6. Malone Advertising
7. Saatchi & Saatchi X
8. Ryan Partnership
9. G2
10. The Integer Group
11. Upshot
12. Marketing Drive

Brand Marketers

1. Procter & Gamble
2. ConAgra Foods
3. The Campbell Soup Company
4. Unilever
5. The Clorox Company
6. Kraft Foods
7. Hormel Foods
8. Kimberly-Clark Corporation
9. The Coca-Cola Company
10. PepsiCo
11. Abbott Nutrition
12. General Mills
12. Colgate-Palmolive

RESPONDENT PROFILE

Hoyt & Company surveyed a total of 1,457 marketing executives with brand-marketer participants including Abbott Nutrition, Anheuser-Busch, Cargill, Clorox, Coca-Cola, N.A., Colgate-Palmolive, ConAgra Foods, Brown-Forman, Dannon, Dean Foods, Del Monte Foods, Diamond Foods, Dreyers, GlaxoSmithKline, Hershey, Hess, Hormel Foods, Johnson & Johnson, Kimberly-Clark, Kraft Foods, Land O Lakes, Mars Snackfood, MillerCoors, Nestle Nutrition, Nestle USA, Nokia, Pepperidge Farm, Pepsi-Cola N.A., Procter & Gamble, Reckitt Benckiser, Sara Lee Coffee & Tea, Schering-Plough, Schwan's Consumer Brands, Unilever N.A., Vitasoy USA, Wyeth Consumer Health Care and Whirlpool.

Agency participants included Arc Worldwide, Bard Advertising, Catapult Marketing, DraftFCB, G2, Glendinning Management Consultants, Integrated Marketing, Marketing Drive, Mars Advertising, Malone Advertising, Miller Zell, RPM Connect, Ryan Partnership, Saatchi & Saatchi X, Think 360, TracyLocke and Upshot.

Seventy-four percent of respondents reported 10 or more years of experience in marketing. Virtually all respondents reported having worked with multiple agencies and/or manufacturers throughout their careers, making them uniquely qualified to provide a perspective on how their counterparts are performing.

Brand marketers are now better at integrating departments.

When these two performance areas are paired, brand marketers need to realize that it is difficult to hold one's agency accountable for results if one is not adequately collaborating or providing the information one's agency needs to meet expectations and objectives.

In terms of overall rankings, Procter & Gamble won the #1 "best of the best" spot for the second year in a row, capturing 17% of total votes cast and finishing first in 8 out of 10 of the individual performance areas. Again, congratulations to Dina Howell and the many, many others within P&G who have helped the industry find its bearings with respect to becoming best shopper-marketing practitioners.

Beyond P&G, the most impressive changes are ConAgra's catapulting from ninth in 2008 to second in 2009 and Campbell's from eighth to third place.

To what does one attribute this? As one agency put it: "ConAgra has made a commitment from the top down, including putting the best marketers in their organization in their shopper marketing roles."

With respect to Campbell's, the key appears to be research, collaboration and clarity of direction. As one agency noted: "Campbell's has done some

great need-state studies and continues to generate great insights by channel and customer. They are very open and work with their agencies as true partners. Access to both senior level Sales and Marketing personnel is not an issue. In addition, they are very good at prioritizing and providing constructive criticism and feedback."

Similar feedback applies to ConAgra. The two individual performance areas in which ConAgra surpassed P&G for #1 are "Feedback and Constructive Criticism" and "Best Approvals Process." Clearly, ConAgra has got this right and has made collaboration with its agencies a key priority.

Congratulations are also in order for Hormel Foods and Kimberly-Clark, both of which made the *Hub* Top 12 list for the first time, in addition to Abbott Nutrition, General Mills and Colgate-Palmolive. Kimberly-Clark is an example of a company that has done almost everything right with respect to getting into shopper marketing.

Instead of reacting to retailer pressure and quickly forming a shopper marketing department

that lacked a mandate, was made dependent on an *ad hoc* budget and lacked top management commitment, Kimberly-Clark took the time to research the subject for almost a year before developing a *corporately-approved* plan which it did not begin to implement until it was sure of its ground.

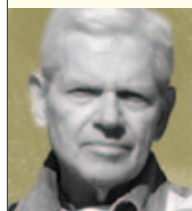
Now that Kimberly-Clark has decided to move on shopper marketing, it has climbed to #8 on the Top 12 list after only six months.

Reinforcing this are comments from its agencies such as: "Kimberly-Clark is really embracing this and doing it right by taking in shopper marketing from the very beginning of the planning process" and "Kimberly-Clark takes shopper marketing involvement as core to their DNA and has made it abundantly clear in structure and how they are aligned and funded that this is a high priority that will be measured, tracked and evaluated." With commitment like this, look for Kimberly-Clark to challenge the leaders in next year's report.

While we have focused the brand marketers' segment of this article on the most important changes between this year and last, and on those who made the Top 12 for the first time, we also want to acknowledge those who have made the list two years in a row. These include Unilever, N.A., The Clorox Company, Kraft Foods, Coca-Cola and PepsiCo.

Of these, Clorox never ceases to earn our highest respect because it proves over and over that one does not have to be big to get shopper marketing right. Clorox has been continually improving its shopper marketing practice (first as co-marketing) since 2002 and is now to the point where, as one of their agencies noted, "Clorox shopper marketing is embedded into corporate initiatives and is driving category growth for retailers. It has a great integrated marketing collaboration process that aligns seamlessly across the organization and its agencies."

Again, congratulations to everyone who made this year's *Hub* Top 12. When one considers that virtually everyone in the industry is now claiming 'shopper marketing expertise,' look no further than the companies on this list for those that really have it. ■



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