

THE HUB Top 12

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Welcome to the third annual *Hub* Top 12 report on shopper-marketing excellence! Before we get started, we want to thank all who took the time to fill out this survey and especially those who articulated their beliefs and experiences in the comments sections following each of the questions. Again, we are particularly grateful to Jason Buschlen, who leads the Shopper Insights and Marketing Professionals Group on LinkedIn, and to the Promotion Marketing Association, for their support and persistence in getting our survey out to their members.

The key message that emerges from this year's survey is that what was sufficient to enable one to land a "Top 12" spot in 2009 will no longer suffice in 2010 or beyond. Reasons:

- **Competition:** This year, we had 461 usable responses — 65 percent more than in 2009 (and 251 percent more than in 2008). Brand marketers named 123 different customer-marketing agencies while the agencies named 84 different brand marketers. Obviously, the base is broadening quickly and getting to the top of the pyramid is becoming much, much tougher.
- **Respondent Knowledge and Understanding:** As respondents' knowledge of shopper marketing broadens and deepens, so does their judgment in answering the questions and applying the criteria. Many have by now been trained to move beyond thinking about shopper marketing as a

tactic and are therefore making more and more of these judgments from a strategic perspective. Additionally, this is a relatively experienced group of respondents: More than 70 percent have 10 or more years in marketing, while 50 percent have 15-plus.

- **Performance:** Beyond competition and knowledge, a key finding of this year's survey is that the floor on overall industry shopper-marketing performance has risen significantly for both agencies and brand marketers in just the past 12 months — as though all of the thinking and testing of the past 3-4 years has finally jelled. In 2010, the "spread" between the highest and lowest performance areas narrowed to only 20 points for agencies — from 112 to 92 (versus 35 points in 2009) — while the spread for brand marketers narrowed to 24 points (versus 44 points in 2009). See chart for details.

Expectations intensify as shopper marketing charges into the future.

Another factor is that we screen and record *every* response *by hand* to assure integrity, eliminate dupes and prevent ballot-stuffing. This year, we pasteurized 2,103 total responses down to 461.

The result for the winners: If you are in the Top 12, you got there based solidly on your performance and not because of your cleverness and agility in vote-getting. *You earned this and deserve to feel great about it.*

The *Hub* Top 12 rankings are *not* designed to identify who produces the best shopper-marketing initiatives but rather to identify those who have the best underpinnings in place to do this. We are primarily interested in acknowledging those who have done their homework and invested to deliver consistently excellent results—not those who produce the occasional brilliant one-off based primarily on the input of their best-practice clients or agencies.

To this end, the *Hub* Top 12 establishes 10 performance criteria for agencies and brand marketers respectively and then asks respondents to evaluate their counterparts against these criteria: agencies evaluate brand marketers and brand marketers evaluate agencies. Once all responses are in, we “sanitize” them and then tabulate the results.

How did agencies and brand marketers perform against these criteria in 2010?

AGENCY PERFORMANCE

The three areas that brand marketers mention most frequently about agency performance in the comments sections are research capabilities, getting results and growth culture.

Research capabilities appears to be single most important weakness for most agencies: “*No agency does this really well,*” notes one brand marketer. “*They all dabble, doing a research project here or there. They don’t invest in research independently—they wait for customers to foot the bill.*”

Right up there with “research capabilities” is “getting results.” The following captures the essence of the more than 20 comments we got from brand marketers on just this one performance area:

Agencies

Performance Area	Index to Average
1. Shopper Marketing Concept Understanding	112
2. Key Account Knowledge	108
3. Programming Relevancy	102
4. Research Capabilities	98
5. Understanding Shopper Motivations	98
6. Strategic Planning	98
7. Programming Innovation	98
8. Execution	98
9. Getting Results	97
10. Growth Culture	92

Brand Marketers

Performance Area	Index to Average
1. Uniformity of Shopper Marketing Vision	113
2. Integration and Coordination Among/ Between Departments	106
3. Understanding Shopper Motivations	106
4. Clearest Shopper Strategy & Objectives	106
5. Openness/Willingness to Share	100
6. Accessibility to Key Decision-Makers	98
7. Best Planning	96
8. Best Budgeting	93
9. Feedback & Constructive Criticism	92
10. Best Approvals Process	89

- "...We are not interested in any idea that does not get measurable results for our brands, retailers and shoppers. What this means for our agencies is that they have to get focused on what works—both in general and for our key retailers. We expect them to know this..."

"Growth culture" (or lack thereof) is most frequently cited by brand marketers as the root cause of agency deficiencies in "research" and "getting results." Let's look at several brand-marketer comments for an indication of what they think "growth culture" should encompass:

- "[Our agency's] approach is 360°—they get retail much better than our brands—also, they have worked hard to understand how our consumers behave as shoppers and how this differs by format... they pro-actively seek sales department input before finalizing... sometimes, even the retailer. They are not shy and we appreciate this."
- "Unique integration of on-line and off-line. Capable of representing us with retailer marketing departments. Know all costs & CPMs. We are very happy that they added digital capabilities—saved us a lot of hassle..."
- "This agency made a substantial investment in hiring an outside expert to train its people in shopper marketing. They invited several of their key clients, including us. Initially we thought we would attend just to be polite. Best two days we invested all last year... now everyone is aligned and the results show it..."

Which agencies do brand marketers think performed best against their criteria over the past 12 months?

Congratulations—again—to **Mars Advertising** who—in the opinion of the brand-marketing community—continues to be the "best of the best" in shopper-marketing excellence for agencies. This is the third year in-a-row that Mars has finished first in this survey—and apparently for good reason: More than a few brand marketers singled-out Mars for its performance in the very areas that are perceived as weaknesses for competing agencies: research capabilities, getting results and growth culture. For example:

- "What makes Mars different is that they are constantly adapting... after all, how many agencies

have a completely resourced and dedicated research and insights department and how many have invested in deploying 40-plus channel managers in retailer HQ cities as client key account liaisons? None, that's how many...!"

Congratulations also to **RPM Connect** and **TracyLocke** who captured the #2 and #3 spots respectively for the second year in-a-row—again as a result of getting their fundamentals right and being consistent.

While just making this year's top 12 list is an honor, special mention goes to **TPN** (#10) who made the list for the first time and to **Marketing Drive**, who leapfrogged from #12 to #4 between 2009 and 2010.

Congratulations also to **Ryan Partnership**, who moved from #8 to #5 and to **Malone Advertising** who held steady at #6. In all, a great showing by a great group of agencies.

BRAND MARKETER PERFORMANCE

Again, based on feedback in the "comments" sections, the areas that agencies would encourage brand marketers to re-examine sooner rather than later are "budgeting practices" and "approvals process."

Why? Because there now appear to be legitimate business reasons for doing so that were not in play only two years ago. Some typical comments:

- "Shopper-marketing budgets have more than doubled for most of our other clients since 2008... but when we tell this to [our client], it comes across as self-serving. They need to do some independent benchmarking and revise accordingly—and quickly."
- "[Their] approval process was built for a different era—long-term and slow. This is shopper marketing, which is much more retailer-focused, at least in this client. We have to be able to move much faster to stay competitive... we actually lost a promotion slot with one of their key retailers because we couldn't get the approvals in time ... what really hurt is that they ran with a competitor..."
- "Ad hoc is schmuck hoc."

Outside of these areas, agencies generally give brand marketers high marks. While "planning" could always be improved (one of the most difficult things to nail is "process"), most agree that brand marketers



SHOPPER MARKETING EXCELLENCE

Agencies

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

Brand Marketers

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

RESPONDENT PROFILE

Hoyt & Company surveyed a total of 2,103 marketing executives with brand-marketer participants including Abbott Nutrition, Armour-Eckrich, Bacardi, Barilla, Bayer, Beam Brands, Black & Decker, Campbell's, Cargill, Church & Dwight, Clorox, Coca-Cola, Colgate-Palmolive, ConAgra Foods, Coty, Crayola, Dannon, Dean Foods, Del Monte, Dial, Diamond Foods, Dr. Pepper, Electronic Arts, Elizabeth Arden, Energizer, General Mills, Georgia-Pacific, GlaxoSmithKline, Hasbro, Hewlett-Packard, Hormel, Johnson & Johnson, Kao, Kellogg's, Kimberly-Clark, KitchenAid, Kraft, Land O Lakes, Mars, Inc., Mead Johnson, MillerCoors, Nestlé, Nokia, Novartis, Peet's Coffee, PepsiCo, Pfizer, Procter & Gamble, Schering-Plough, Schwan's, Seagate, Sun Products, T-Mobile, Tyson Foods, Ubisoft, Unilever, Universal Music, Welch's, Whitewave Foods and Wrigley. Retailer marketers included Best Buy, Big Y, ExxonMobil, Food Lion, Harrah's Entertainment, Kmart, Neiman-Marcus, OfficeMax, Shell Oil, SuperValu, Target and Wendy's.

Agency participants included Arc Worldwide, Bard Advertising, Catapult Marketing, DraftFCB, Edelman, G2, Integrated Marketing Services, KG Partners, Launch Creative, Loyalty Marketing, Malone Advertising, Marketing Drive, Mars Advertising, Miller Zell, Ogilvy Action, RPM Connect, RTC, Ryan Partnership, Saatchi & Saatchi X, TBWA/ChiatDay, TNS, TracyLocke, Upshot, Valassis, Weber Shandwick, WPP and Young & Rubicam.

in general have made great strides in embedding a uniform vision throughout their organizations.

They have also effected integration and coordination among and between departments. Of particular note is the progress many have made in understanding shopper motivations:

■ *“One might expect the largest manufacturers like P&G, Unilever and Kraft to have the greatest depth of knowledge in this area,” noted one high-ranking agency executive. “But I find that smaller, more focused manufacturers like Campbell’s, Clorox and Kimberly-Clark spend more time and effort on shopper motivations with a greater degree of success.”*

ConAgra is cited for having *“a dedicated shopper insights person sitting on the key retailer teams to help develop insights and leverage proprietary ConAgra studies around shopper motivations.”* And Coca-Cola received praise for *“some of the best understanding of its shoppers. And they do an excellent job of sharing this information with their agency partners.”*

On this latter point, it is important to understand that “openness/willingness to share” is a trait that agencies value highly — much more so than the data might indicate. Of the many comments we received on this subject, the following says it all:

■ *“We have a very important voice and total visibility to [our client’s] business — and we are linked to national, shopper marketing and trade marketing — very powerful integration. It makes us feel as though we are true partners...and is very motivating.”*

So, when we step back and add all of this up, who do agencies think performed best over the past 12 months?

Congratulations to **Unilever, U.S.** whom the agency community voted the “best of the best” in shopper-marketing excellence for 2010. In achieving this, Unilever dislodged Procter & Gamble from its two-year hold on the number-one spot — obviously a significant accomplishment.

For industry experts, this should not come as any surprise: It is well known that Unilever has long been a leading pioneer in shopper marketing and has unflinchingly made the tough decisions required to assure best-practice excellence on all fronts.

Unilever has led with groundbreaking research, top-to-top collaboration (Stop & Shop), the right

structure, reporting relationships, budgets and agency (Integrated Marketing Services).

As one industry leader recently observed: *“Unilever really has it together. The people, the processes, the knowledge and the ability to make it work with and for both their brands and retailers make them genuine leaders in shopper marketing.”*

Congratulations also to **Procter & Gamble** and **ConAgra** who captured the number-two and number-three positions respectively — P&G as a top-two for three years in-a-row and ConAgra in the top-three for the past two years. Both outstanding!

We also specifically want to recognize **Nestlé** and **Mars, Inc.**, both of which made the list for the first time. Nestlé’s showing is result of a year-long corporate campaign to get great at shopper marketing fast. Mars, Inc. is a relatively small company that has been dedicated to getting shopper marketing right for years.

Kimberly-Clark sets another great example, going from no position in 2008 to #8 in 2009 to #4 in 2010. This is a result of studied research, careful planning and taking one’s time to get it right out of the blocks.

What will next year’s survey look like? We plan to re-visit the criteria to insure it remains current — and most certainly will incorporate digital-media issues.

Other possibilities include casting a wider net to encompass more categories — home improvement, soft goods, technology and automotive — all of which participated this year.

We also plan to encourage advertising agencies to participate and hope to expand beyond our borders to include the global community. All suggestions on how to improve our report are welcome!

As the level of excellence continues to grow on both the agency and client side of shopper marketing, it’s tough for our winners to keep leading the industry. Again, congratulations to everyone who made this year’s “Top 12.” ■



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