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# GROWTH HUNTERS PODCAST: The emerging truths of the CPG world

THOUGHT LEADERSHIP

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Andy Walsh, CSO of Group MW – WPP’s team for Mars – and CSO for Mediacom’s CPG Practice, talks to Sunday Times journalist Mark Edwards about the emerging truths of the CPG world, the “genius of the and”, and the advantages of sometimes admitting that you just don’t know.

Mark Edwards: Andy, if there’s one thing that you know you know about growing brands, what is it?

Andy Walsh: I’ll give you two answers – being CPG – two for the price of one. My Byronic indoctrination is that brands grow through attracting more people to buy their brand – by

getting more people to buy it. Yes, they grow through the people who are already buying it, buying a bit more, but they mainly grow through getting more people to buy it. So that's my academic answer.

The other answer I'd like to give, which is slightly more pretentious, is that brands grow through rigorous magic. I think it's a lovely expression of what you need to do in marketing and media generally; you need to balance the rigor of understanding actually how brands do grow – the inalienable truths – with a little bit of the magic of creativity and human brilliance that leads to great campaigns, because we know that creativity and magic is a massive multiplier.

ME: So that's what you know you know about growing brands, what would you say is out there that is a widely held belief about growing brands that actually is wrong?

AW: I think, again, I'll probably give you two answers. I think the first widely held belief that I'm not mad keen on is the idea that big brands can't grow – and that all the growth is coming from small brands. And this is a rhetoric that is coming a lot from Direct to Consumer brands – and it's why a lot of big companies are buying them.

But if you actually look at the data, it's not true that big brands aren't growing. And it's not true that all the growth is coming from small brands. A lot of the additional growth is coming from some energetic, smart, distinctive, small brands – but it's way too reductionist to say big brands aren't growing and small brands are. It's just not true.

ME: Give me a couple of examples of big brands are growing very well at the moment.

AW: Well, I work with big brands that are growing. It varies by market, but many of the Mars brands are growing just as many are facing challenges. But driving demand is harder. Again, that's something that we talk a lot about from the work of our group company Kantar who talk about this idea of 'following the money', which is predicated on the idea that demand is there, and growth is there, it's just harder to find. And we're seeing that with a lot of our big brands and a lot of our small brands.

So, Pedigree is a brand that in many markets is still in growth in different formats – a brand I always like referring to because part of its brilliance has been a great campaign idea, which is the idea of “feed the good”; so the alchemy of having all the right things in the right place at the right time, does mean that big brands can still grow.

ME: I know you’ve done some work on what I believe you call the emerging truths of CPG. And the idea of this is that there were there are sort of eternal truths. And there are emerging truths as well. Can you give us an example of some of these emerging truths?

AW: Well, I think the way that people buy will evolve over time – even in CPG. It’s very easy, in CPG, to think that the way that the categories are bought will change in terms of the outlets and the routes to market but that fundamentally how people buy won’t change. But what we are seeing in certain markets, like the US, is this idea that we used to talk about a couple of years ago, this idea of programmatic consumption.

The industry is obsessed with programmatic marketing, but, it’s far more important to think about programmatic consumption. And that was the idea of J. Walker Smith and the Futures Company. And this was the idea that actually, we will outsource our decision making even in CPG categories to algorithms, to voice-based, to Alexa, to Google Homes. And I think the dynamics of that are very interesting. And this year we’re starting to see big CPG brands respond to that.

So one of the bits of award-winning work from Cannes was around Honey Cheerios and how they owned Amazon Prime Day through what was a very analogue way initially; to get to the top of an algorithm in the future by giving away free samples on Prime Day to people who were buying on Prime – it’s quite a big day in the US – as a means to circumvent the algorithm in future. So, when someone asks for cereal on Alexa, it’s Honey Cheerios that they will get.

ME: Give me another emerging truth.

AW: Well, one truth that we’ve always known to be true is that a good creative idea

executed on a bad media plan will always outperform a great media plan with a bad creative idea. So that's an inalienable truth, but how that relates to an emerging truth is that we need to better understand how we create ideas that fit specific platforms.

So, we are still very much, unfortunately, in a period of retrofitting TV concepts or ideas into environments in which they don't fit. It might be video, but it's not the same thing. And I think we need to get to that quicker. And it's an emerging truth that you can get there quicker, get better performance, and drive competitive advantage if you embrace this idea.

Things aren't homogenous, and things don't need to be creatively homogenous, and you need to express them differently in the different channels. I do think that the 70/30 rule around creative effectiveness versus media effectiveness will change over time. I'm really interested to look for evidence of that over the next few years – just how important media and context will be to driving effectiveness.

ME: Just explain the 70/30 thing to me.

AW: The 70/30 truth is a bit like the 1200 GRP [Gross Ratings Points] truth. Back in the day, in the 1970s, someone in one of the big CPG companies determined that after 1200 GRPs a piece of copy had worn out and it became a truism, as people moved between big companies over the decades that followed.

The 70/30 idea – and we've seen it and we continue to see it – is that the difference between a high performing or effective communication strategy and plan versus an averagely performing communication strategy and plan, 70 per cent of that difference will be driven by the quality of the creative idea. A great ad will drive 70% of that effectiveness; 30% of that effectiveness could be attributed to media.

ME: Can we get one more emerging CPG truth?

AW: The idea of simple to sophisticated mass marketing, the idea of heterogeneity. So, one of the truths has always been that actually one of the reasons why Reach works was that broadly, while the markets we were targeting weren't homogenous, the way that we

could execute in media, using the data and the technology we had to hand was homogenous. You couldn't pick apart the heterogeneity in audiences.

For me, the opportunity in CPG around the areas of data technology is to understand and to leverage and activate against the heterogeneity. So, instead of seeing the chocolate bar audience as all adults, we can use data and technology to better understand that really there are, say, three big audiences that we can activate and pick apart. And that we can not only understand them better, and use that to inform our creative decisions, but that this will also lead to a better impact or better effectiveness.

ME: So, with all these emerging truths, how is measurement changing? Or what you measure or how you measure?

AW: I think the industry as a whole remains in a measurement funk. There is more measurement than ever. But less insight. I'm being glib, but I think it's true to some extent: just because we can measure more doesn't mean that we're learning more. So, we're very lucky working with a client in Mars who have a very high standard when it comes to measurement practice, what is acceptable and what's not.

So really, for us to move the agenda for them, and together with them, we have to be at the forefront of a better understanding of how things are working. And I think the provocation that we often use is that the industry has, to a large extent still converged around the use of market mix modelling, for measuring the effectiveness, certainly in CPG, of what they're doing. And we are of the opinion, and we're not alone, that in many instances that can be inadequate and can lead you to make decisions that are suboptimal.

<https://www.mediacom.com/en/think/blog/2019/growth-hunters-podcast-the-emerging-truths-of-the-cpg-world>

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