

Planning through Darwinian improvisation

Planning at Diageo is evolving from research to become a critical business division with a key role in marrying future brand developments with marketplace reality

By Jim Moseley, *Diageo North America*

Charles Darwin said: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change."

Successful client planning departments have already evolved from research-orientated data analysts to consumer understanding and insight experts, who work in partnership with marketing to bring to life the implications from these consumer insights. However, as the world in which we operate continues to change and evolve, planning departments must also go on evolving. The past 18 months have provided a vivid example of that need, and highlighted two key areas that will require more attention and resources.

The first is market planning, which traditionally has focused on reporting detailed demographic and economic data, a report card of what has happened and a database view of what demography will look like in future. However, as consumer behaviour changed in the face of unprecedented economic turmoil, market planning at Diageo played a key role in keeping up with the driving forces behind

these changes, helping the organisation to understand what was happening and what we should do about it. At the height of the economic crisis, between November 2008 and April 2009, weekly updates were issued to the US leadership team that detailed how consumer behaviour was changing, and the economic and societal changes that were behind this. Market planning provided a calm voice of reason that looked beyond the daily media hype to longer-term, systemic changes, which keep the organisation focused on the big picture and prevent it from over-reacting to the latest headlines.

Market planning needs to play a holistic intelligence role at all times, and should paint a vivid picture of the future, based on deep understanding of societal, demographic and economic trends that will drive future consumption behaviour. This will allow companies to make intelligent choices around portfolio deployment, resource allocation and innovation opportunities.

This intelligence doesn't have to come from conducting more research. Throughout the financial crisis, market planning conducted very little primary research. Instead, we relied

on continuously reviewing all secondary data available on what was happening, spent time in the market, observing and conversing with consumers, activated internal information resources (which included engagement with our agency planners on what they were learning from their various areas of expertise), and met regularly to align on what all this information was telling us, and what we should do about it. Only when we found glaring knowledge gaps did we conduct primary research that then fed into our overall understanding of the marketplace.

The second area of increased focus is shopper planning. Long before the financial crisis hit, Diageo had recognised a need to significantly step up our understanding of the shopper and to codify shopper behaviour and drivers of brand selection at the moment of choice. The drastic and almost instantaneous change in shopping behaviour following the crisis underscored the importance of this area. Retailers had already been demanding greater insights into shopper behaviour to ground holistic category strategies, hence the need for shopper planning.

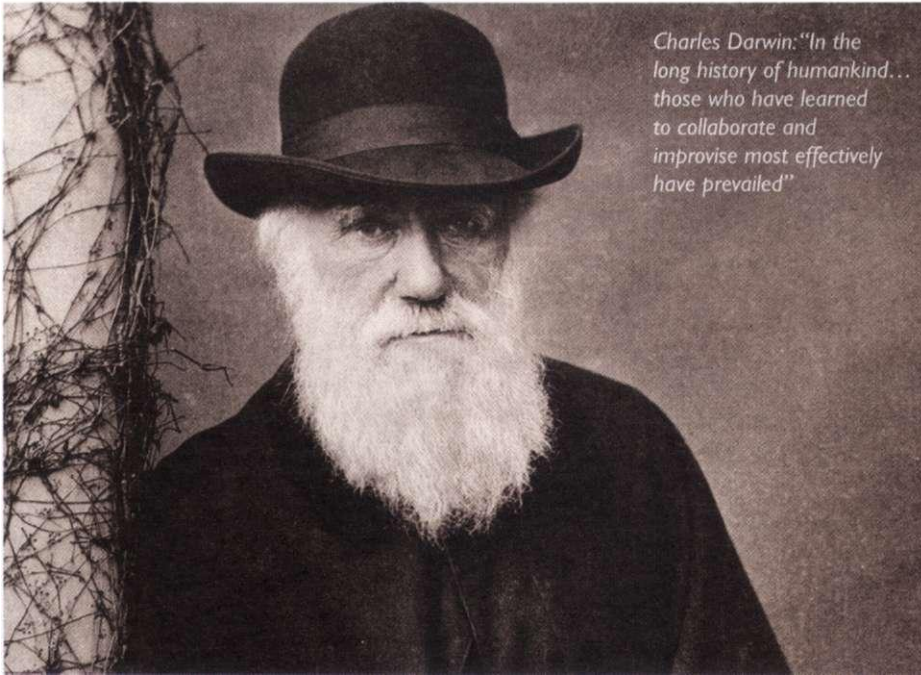
The role of shopper planning is to understand the why behind the what, and to translate these insights into actionable implications. The differences are that: a) shopper planning is more closely aligned to the commercial side of the business; b) opportunities and issues tend to be retailer or channel specific; and c) the most compelling insights are about categories, not brands. As a result, shopper planners require commercial acumen.

As retailers become more sophisticated in how they run their business, the job of the shopper planner is to bring to them new insights into shopper motivations within a category that help them drive profitable growth, thus creating a valuable partnership. Just as the role of the brand planner is to know our target consumer, so the role of the shopper planner is to know the shopper.

However, shopper planning and brand planning must remain linked to ensure that brand plans and commercial plans are synced, and to be clear on each other's roles and responsibilities. Not everything that happens at retail is 'shopper planning'. Many in-store executions are actually the result of great consumer insights applied to through-the-line marketing. Therefore, brand planners need to up their appreciation of the retail environment to ensure brand strategies appropriately reflect the needs of all marketing activity, not just above-the-line communications.

As market and shopper planning receive

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increased focus, brand planning and innovation planning cannot be forgotten. In today's changing environment, brand planning needs to have a holistic understanding of how consumers interact with brands, the role they play in their lives, and how, when and where best to connect with them. Consumer planning has two important roles to play: providing understanding and insight about our consumers' lives, habits and motivations; and rigorous analysis of what did and didn't work in the marketplace, and why.

Just as market planning needs to paint a vivid description of the future, brand planning must continue to paint a vivid description of the consumer today. The challenge is that it can feel like this picture changes daily. Planning's job is to help separate the temporary shifts from foundational understanding that underpins overall behaviour. This can be done via a combination of traditional research and in-market observation - the websites they visit, the places they shop and the media they consume.

The key is never to become complacent and assume that once you 'know' your consumer, you know all there is to know, and that they do not change. Consumers will always be changing and evolving. Good consumer planners know when the changes are meaningful and require new strategies or communications to stay connected to them. A great example of this is the world of 'digital'. Digital in totality is quite meaningless; it is the component parts

that comprise the 'digital world' that drive changes in consumer attitudes and behaviours. Understanding the basics of how, when, where, what, and why consumers use digital media allows us to put into proper context the role of 'digital' in consumers' lives. Only then can we make informed choices about how, when and where best to connect our brand messaging to consumers.

Finally, innovation planning continues to play a critical role in ensuring the organisation is providing products that are strategic, scalable and sustainable by grounding new products in a deep understanding of both the consumer and the competitive landscape.

Great innovation planning has always been able to answer the fundamental questions about what the proposition is, who is going to consume it and where, when and why. Lately, it has become increasingly important to define the 'why' in relation to what it will be consumed 'instead of' - what motivation will consumers have to switch from their current behaviour. Retailers don't have empty shelves they are looking to fill up with new products. Therefore, innovation planning must help lay out the compelling case that drives launch activities and helps secure shelf space.

Integration of brand planning, innovation planning, market planning and shopper planning with brand marketing, innovation, commercial marketing/sales, strategy and finance, ensures that the planning function is a critical business partner, not merely a support function. A solid

understanding of the fundamental drivers of our own business is critical. The role of the planner is not only to see the future possibilities, but to help ground those possibilities in the reality of the marketplace. Likewise, planners need to be grounded in the realities of what drives profitable growth in order to ensure their implications do precisely that.

Consequently, successful planning functions of the future will proactively define opportunities and address business issues, armed with a thorough understanding of their consumers, their shoppers, their market, and their business.

THE WAY AHEAD

Looking to the future, then, successful planning functions will:

- Raise the bar on the quality and depth of consumer insights to stay ahead of the changing environment and the competition.
- Focus on opportunity and issue identification, generation of insights, and application of insights to driving growth; making time for this by farming out research execution and reporting to trusted agencies.
- Play a critical role in the annual brand planning process to ensure consumers remain at the heart of our primary activities.
- Ground innovation opportunities in the five Ws: what, who, when, where and why.
- Raise the game in market planning, using all available resources to stay on top of the changing trends of today and tomorrow.
- Raise the game on shopper planning, bringing the same level of rigour in understanding consumers to shoppers and the retail environment.
- Holistically understand how consumers interact with brands and brand messaging, putting into context the role of different media, so that we connect with consumers in the most meaningful way.
- Understand their businesses so that they are indispensable partners, not just support functions.

Darwin also said: "In the long history of humankind... those who have learned to collaborate and improvise most effectively have prevailed". Planning functions that collaborate and improvise to always stay ahead of the ever-changing consumer and competitive landscape will also be the ones that prevail.

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