WINSIGHT GROCERY BUSINESS | CADENT Consulting Group

DIGITAL ICONS

Digital Icons™ Study

Calibrating the Success Equation

SUMMARY REPORT

Digital Icons™ Overview

The word "icon" has two meanings. At the most fundamental level, an icon is an essential part of the digital user interface, visually expressing objects, actions, and ideas.

An icon can also be used to describe leadership. Iconic leaders inspire admiration and motivate others by empowering as well as gaining empowerment from their peers.

The Digital Icons™ survey originated from Winsight and Cadent's work to understand the rapidly growing omni-channel space. Digital is a word that is used frequently to describe multiple tactics, and it can have different meanings to different constituents.

The specific goals of this study are to:

- Identify the best manufacturers, as evaluated by consumers, peer manufacturer competitors, and retail customer trading partners.
- Provide insights on the digital business drivers that makes these manufacturers the strongest.
- Describe why these business drivers are critical to success.
- Target action steps for manufacturers to ensure their digital capability is a growth driver.

Approach

Questionnaires were customized for consumers, manufacturers, and retailers and were distributed to respondents in August 2021. Over 1,000 consumer, manufacturer, and retailer respondents provided input on the results by rating both large, national and challenger manufacturers.

- Consumers were asked to rate manufacturers across a variety of criteria:
  - Digital Advertising, Social Media/Influencer Marketing, User Experience
- Manufacturers rated their peers across key criteria:
  - Digital Advertising, Social Media/Influencer Marketing, Direct-to-Consumer
- Retailers rated their trading partners across the select criteria:
  - Digital Advertising, Social Media/Influencer Marketing, Manufacturer Digital Collaboration

Executive Summary
Calibrating the Success Equation

Over the last eighteen months, the world has been upended by COVID-19. Manufacturers were forced to adapt in order to meet the evolving needs of both their consumers *and* retailers. This included large, national manufacturers as well as challenger manufacturers.

Superior performing manufacturers had four elements in common across the three respondent groups: Collaboration, Creativity, Consistency, and Boldness. This **C^3+B** equation was continually cited as the reason consumers, manufacturers, and retailers selected the best rated manufacturers.

Collaboration
It is easy to understand why a retailer would rank a manufacturer highly when they work closely together to solve problems and share opportunities. The leading manufacturers were consistently cited as bringing important and interesting insights to retailers in pursuit of developing mutual business.

Creativity
Creativity was identified as a key differentiator for manufacturers. Providing unique, different, and in some cases, irreverent content and representations online often gains notice from consumers, other manufacturers, and retailers. Retailers in particular commented that they respected the leading large and challenger brand manufacturers for their ability to use the digital communication vehicle as a platform for effective consumer engagement in pursuit of selling.

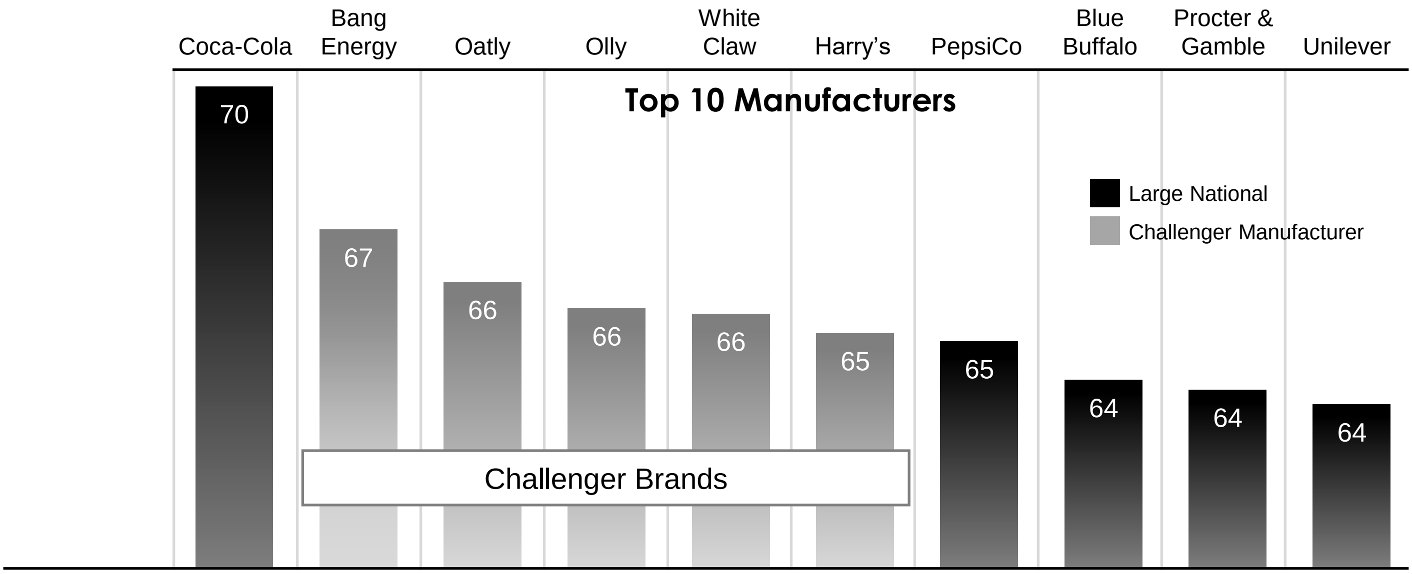
Consistency
Of all of the elements, consistency was most often cited as the reason for leadership success. Consistency specifically means uniform messaging across platforms. It was clear from the feedback that the ability to create one, uniform message that can be used in many mediums is integral to ultimate success in the digital space.

Boldness
Boldness could also be characterized as lack of fear. Those manufacturers who made the decision to dive headlong into the digital world have reaped the benefits of early adoption. All of the leading manufacturers in the Digital Icons™ study had well-developed digital platforms prior to COVID-19. The pandemic accelerated development, and in many cases, the leaders doubled down on their investment in digital communication.

The Top 10 Rankings

Challenger Brands punch above their weight

Coca-Cola, Oatly, Harry's, and PepsiCo earn top honors



2021 RANK	1	2	3	4	5	6	7	8	9	10
Consumer Score	58 #1	52	58 #1	54	51	55	52	51	48	54
Manufacturer Score	73	69	68	76	67	84 #1	59	62	76	80
Retailer Score	74	74	70	67	72	61	75 #1	73	67	61

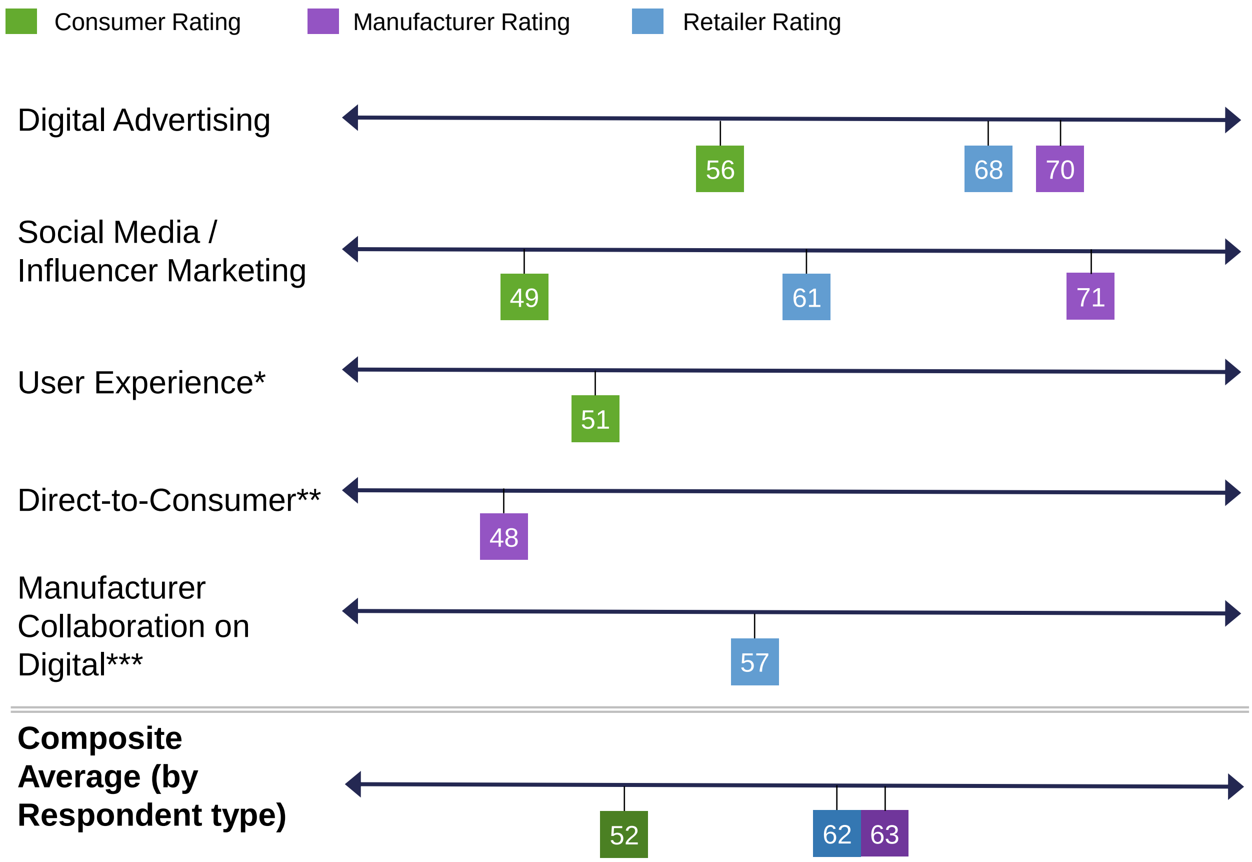
The key finding in this composite view is that challenger brands have a strong presence in the Top 10 Composite Ratings. These brands generally lack the scale or funding to drive large national marketing programs like the large manufacturers. However, with the accessibility of digital channels such as social media and subscriptions, they are able to directly connect to consumers.

Coca-Cola is the lead digital icon. They are connecting company innovation, such as their functionally targeted Coca-Cola Energy beverages, to their consumers. Strategy like this is why consumers have rated Coca-Cola highly and retailers have rated them as one of the top two partners, tied with Bang, just behind PepsiCo in the number one spot.

Note: Scores reflect percentage of respondents rating in the top 2 box; Retailer scores weighted 50% in average

Average Scores by Digital Business Driver Criteria

Average Manufacturer Rating (Across all Responses)



In order to assess overall industry perspectives and calibrate, we averaged the scores across all manufacturers evaluated, including those beyond the top 10. This look provides a view on the differing evaluations of digital competency.

Manufacturers have given themselves high marks on Digital Advertising and Social Media while consumers, on balance, rate manufacturers significantly lower. From a user experience standpoint, consumers believe that manufacturers have room to improve. A key finding is that retailers, overall, rated manufactures lowest on collaboration as compared to all metrics on which they rated. Collaboration is a critical need for retailers that manufacturers will have to address in order to grow.

The composite averages by respondent type indicate room to improve for all constituents. Manufacturers must continue to evolve their capabilities to serve all their constituents.

*Only consumers rated manufacturers on User Experience
**Only manufacturers rated their peers on Direct-to-Consumer
***Only retailers rated manufacturers on Manufacturer Collaboration on Digital

Action Steps

As manufacturers press to develop and augment their digital capabilities, Cadent recommends three key action steps.

1. **Develop Digital Insights and Creative Excellence**: Manufacturers must develop brand insights that enable retailers to take action on their respective categories and brands. These insights should be coupled with insights across the common brick and mortar sales controllables to provide retailers guidance. Manufacturers need to recommend creative solutions, both visual and informational that will grow the brand and category.

2. **Execute Consistently**:
   Creative consistency across mediums and to various constituencies is a must. Manufacturers must ensure that retailers are up to date with elements such as search terms, images, and nutritional information. The blocking and tackling for consistency of selling online requires a sustained effort.

3. **Collaborate with Retail Partners**:
   The final recommendation builds off of the first two recommendations. The best manufacturer partners are working closely with retailers to add consistent insights and creative value, track performance, and make adjustments, to maximize opportunities. Enhanced digital collaboration should be tied to the more traditional collaboration on brick and mortar for a superior omni-channel strategy.

CADENT
Consulting Group

Connect with us:
www.cadentcg.com
Email: research@cadentcg.com

WINSIGHT GROCERY BUSINESS
Winsight

Connect with us:
www.winsightgrocerybusiness.com
Email: info@winsightmedia.com