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## P&G and Accenture Explore a New Universe

*by Allen Johnson*

**F**or the past several months, AMR Research has written about the emergence of the digital consumer as a strategic consideration for consumer goods and retail marketers. Somewhat akin to astronomers witnessing the birth of a new planet, we know this changes the universe, but aren't quite sure how. As we flesh it all out, though, a couple puzzle pieces come together.

The September announcement from **Procter & Gamble (P&G)** and **Accenture** about them teaming up to transform P&G's digital capabilities affirms that gravity is being created in this emerging universe by two of its biggest planets. Together they'll create the Accenture Intelligent Digital Platform, an offering available to other marketers that want to extend brand equity to brand intimacy by optimizing insights and capabilities in the digital universe.

### **Innovative move, or market equivalent of planetary alignment?**

It's hard to argue against the significance of this partnership, especially given the deeper context—this is P&G's second leadership move in the past several months. The company first heralds a likely shift in focus for premium brand manufacturers as it announces an innovation strategy to deliver to the value shopper, and now this Accenture announcement provides solid validation of "digital" as a demand channel of interest.

### *Does P&G see something through its market telescope?*

Why make this move now, you ask? Well, we say, why not? Digital media has never been more critical in

learning what consumers want, aligning the brand with value, and shifting the relationship from consumer to buyer. We suspect P&G came to the same conclusion.

Consider the following:

- **Information Resources, Inc.** finds the first moment of truth occurs at home 76% of the time.
- Digital media is used by 190 million consumers to research and talk about products, with 20% of 2008's online conversations about lowering the grocery bill.
- **Family Dollar** projects record growth and plans to intensify private label efforts to satisfy an increased number of value shoppers.
- In October, **PepsiCo** announced its focus on creating lower cost products to meet demand of a shopper it feels will continue to seek value well into 2010.
- In just four months, **Alice.com**, a shop-at-home/free-ship-to-home alternative for dry goods purchases, has nearly as many unique monthly visitors as **Safeway's** and **Kroger's** websites. Consumers are interested in the model.

Driven by necessity, consumers learned that value products are good products, and without a reason, they aren't likely to move back in droves. A recent **ThinkVine** and **Digital Research, Inc.** survey of 1,000 consumers across 16 grocery and household categories found that brand abandonment grew by 8% from 2Q09 to 3Q09, with a migration to store and value brands a major contributor. Not only has a move to value not reversed, it continues to pick up steam.

For us the question is, which companies will create sufficient gravity to pull the digital consumer into orbit around their brands?

### This universe is filled with intelligent life

People who frequent the digital world are the people we need to know. Marketers and analysts love demographics, so consider a few facts about the gorilla of social media, Facebook:

- If it was a country, it would be the world's fourth largest.
- Nearly 70% of the community is over 21 years of age.
- Its fastest growing demographic is 34 to 55 years old, with the over 55 group just behind.
- It has over 125 million unique visitors a month.

This universe is vast, capturing nearly every demographic imaginable, from tweens to seniors. Participants cluster by interests and activities—it's the science of homophily, for those who care to know. Go check—we did. P&G probably did, too, and Accenture surely did.

So now we have a demographically self-segmenting universe of unlimited scale. Isn't this where marketers hope they go when they die?

P&G, among a growing cadre of like-minded marketers, clearly believes that the digital channel is critically important to marketing to the consumer and selling to the shopper, and so do we.

### Tactics and recommendations

Consider these:

- **Get conversations started with some of the players who enable the space.** Accenture will provide services to enable the platform that serves as the hub. **Zavers** can offer actionable insights on promotions and a ready-made couponing platform across online or mobile channels.
- **Find the influencers and networks within the social network.** All the documented benefits of word-of-mouth marketing apply here and can be scaled explosively. Identifying and influencing the influencers is key, with companies like **Media6°**, **33Across**, and even enterprise stalwart **SAS** providing tools and methods to help.
- **Align your demand and supply teams.** Inciting volatility is a wonderful competitive tactic. But a 2009 AMR Research study showed that in the past two years, 41% of manufacturers suffered loss of business because of a major out of stock. We know that promotions driven over the digital channel create traffic and lift, and we know that **KFC** and **Marsh Food Stores** saw social media campaigns go viral with demand, quickly outstripping supply. Remember: Out of stock is the eighth deadly sin.
- **Avoid being a laggard.** Things happen faster in this universe. These aren't markets so much as viral communities. They're built quickly—Facebook and **Apple's** iTunes are great examples—and those that built them first profit most. This is one of those times where conservatism kills.

The digital universe matters hugely in terms of building today's differentiated brand experience, and any consumer-serving organization that doesn't utilize it effectively will be marginalized. But the digital channel for brand building likely won't displace the physical channel for revenue growth. We'll be watching for cues as to how the relationship between these two worlds and their stakeholders evolve with now-unfettered access to a consumer that both want as their most intimate digital friend.