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**ConAgra
Foods**

DANICA KONETSKI,
Sr. Director, Shopper Insights
and Analytics

MARIA T. MULLEN,
VP, Category Leadership



SHOPPER IN THE CENTER

ConAgra Foods focuses on consumer to gain stronger strategic partnerships with customers

It might not be as ponderous a question as which came first, the chicken or the egg, but you certainly many have wondered: Where do Slim Jims come from? (*See sidebar*) The answer of course is **ConAgra Foods**. This and such time-honored brands as Wesson, Parkay, Orville Redenbacher, Hebrew National and Hunt's, along with innovations like Healthy Choice and Egg Beaters are just a few of the brands that make up ConAgra's Consumer Foods portfolio, which is responsible for 57 percent of the company's nearly \$12 billion net sales in 2006. (The company is organized into three businesses, International Foods and Commercial Products being the other two.) ConAgra's brands can be found in more than 90 percent of all U.S. households.

"We are a very different company than we were a year ago and well on our way to becoming what I call 'the new ConAgra Foods,'" says Chief Executive Officer Gary M. Rodkin (since Oct. 1, 2005) in his letter to shareholders the 2006 annual report. ConAgra's strategic focus is "becoming — and acting — as one company." Rodkin's three principles of operation are simplicity, accountability and collaboration. One of the greatest transformations under this philosophy is a "dramatic" change in culture, which was built on multiple units operating independently. According to Rodkin's statement, this oneness will be established through common systems and processes for total collaboration.

"SPG" Project

Maria Mullen, vice president, category leadership, along with colleagues Danica Konetski, senior director, shopper insights and analytics, and Tammy Brumfield, director, integrated marketing, are playing integral roles in this development, kicking off a Shopper-centric Platforms for Growth Project (SPG). Mullen explains, "Because ConAgra Foods originally came together as a diverse group of independently operated companies, we haven't always done the best job of acting as one company, clearly and consistently communicating our strategies, and sharing



what we know about our categories and consumers. We're now focusing our efforts to better leverage and communicate our capabilities to activate consumer insights in the marketplace. A big part of this effort is becoming a preferred supplier through our Shopper-centric Platforms for Growth (SPG) strategy. We want to partner with our customers to develop sustainable, profitable growth plans."

Konetski adds, "Customers expect suppliers to bring them unbiased information about shopper buying behaviors and category and consumer trends and then work with them to identify the opportunities for growth and practical in-store solutions. SPG is one part of an overall ConAgra effort to put the consumer/shopper at the center of everything we do — leading to better marketing, more success-



DANICA KONETSKI, (Left)
Sr. Director, Shopper Insights and Analytics

MARIA T. MULLEN, (Right)
VP, Category Leadership

PHOTOGRAPH BY RALF-FINN HESTOFT

and in fact, the right technology enables this work via efficient data integration and insights dissemination. “We recently partnered with IRI in the development of two of our most exciting tools — an assortment tool and a shopper insights solution we call S³,” she says.

The Right Assortment

The assortment tool provides insight into the attributes that drive base sales by marrying Consumer Decision Tree (CDT) purchasing behavior with statistically modeled product incrementality. This is enabled by a tool that simulates SKU rationalization at the retail level. It delivers assortment recommendations based on add/delete scenarios, and provides holistic category sales impact analysis.

Konetski describes the S³ solution as a web-enabled tool that aligns transactional IRI Household Panel data with custom views for products, shoppers, buyers and trips. The goal of S³ was to create a panel intelligence capability on the desktop that provides more sophistication around behavior-based consumer targeting. Since panel data crosses all channels and categories, it allows for a more complete understanding of the shopper.

“We know this is important to our customers as they strive to further differentiate from each other — it’s certainly important to ConAgra Foods as we work to grow our business — and the overall objective is to figure out how to better meet consumer needs to drive organic growth for our categories,” says Mullen.

With regard to the choice of solutions, Mullen says they selected **Information Resources Inc. (IRI)** for several factors. IRI is ConAgra Foods’ strategic partner for marketplace and consumer intelligence and offered a complete solution to meet the company’s needs — technology, information/data and superior client service support. She notes, “As an early adopter of this new solution from IRI, ConAgra Foods has been able to influence the development of IRI’s Shopper Insight platform to best meet our needs. S³ is scalable over time to become a consumer knowledge hub for ConAgra Foods’ entire enterprise.” Mullen indicates that the IRI client services representatives work very closely with them day-to-day to identify business building needs, develop user-friendly tools to meet those needs, train the organization on appropriate usage and upgrade/revise the tools as needed. “We value their commitment to our business,” she says.

Path To Partnership

Pairing these capabilities with shopper insight resources in the field, plus a category leadership group, which was centralized and focused in the last eight months, allows ConAgra to better work with its customers. Konetski explains, “A lot of key customers have loyalty card programs that are in different stages, with a different approach to use. We are meeting them wherever they are, providing additional analytical capabilities as needed.” ConAgra

WINNING AT THE SHELF CONAGRA'S NO. 1 BRANDS



- Orville Redenbacher Microwave Popcorn



- Chef Boyardee Pasta



- Hunt's Snack Pack



- Hunt's Tomato Sauce

- PAM Cooking Spray



- Eggbeaters Egg Substitute

- Rosarita Refried Beans



- Swiss Miss Cocoa Mix

- DAVID Seeds



- Hunt's Tomato Paste

- Hunt's Manwich



- Lightlife Tofu

- Orville Redenbacher Popcorn Seeds

- La Choy Asian Vegetables



- La Choy Asian Meals

- Orville Redenbacher Popcorn Oil

- Hunt's Meal Ready Tomatoes

ful product innovations and profitable, strategic partnerships with customers. It’s an evolving strategy at this point.”

Technology is a key element in its evolving capabilities, and the company is leveraging both current and new applications. Mullen believes the most powerful and actionable insights are uncovered when multiple data sources are brought together,

then partners with them on tactics; in some cases, customers are sharing data.

Mullen says there are customers who have loyalty card data but have not done much with it (it's raw data). "We can talk to them conceptually about what opportunities there are and what the value is and how to partner with manufacturers," she says. On the other hand, there are other customers who are farther along — they have already gotten their loyalty data to a place where it can be shared and ConAgra works with these customers, mining data to help them manage the category and influence their shoppers better.

Konetski adds, "They [ConAgra customers] know everything that goes on with their shoppers in their store and we can round out the data and help them understand what their shoppers are doing outside of their store, across channels." In some cases, ConAgra will build attitudinal data and add trend data, partnering with their customers to flush out a better picture of their own shopper.

Mullen says they are thinking about the SPG project comprehensively and also working on how to apply it corporately. The strategy is still young, and therefore its broader applications have not become completely apparent just yet. "We do know that there is an opportunity for us to talk as one company to the industry and to talk broadly about what we are accomplishing," Mullen comments.

WINNING AT THE SHELF CONAGRA'S NO. 2 BRANDS



- La Choy Asian Noodles



- Crunch 'n Munch



- Chef Boyardee Pizza Products

- Chef Boyardee Meals



- Wolf Prepared Chili

- Banquet Homestyle Bakes Dry Dinner Mix

- Banquet Frozen Prepared Chicken

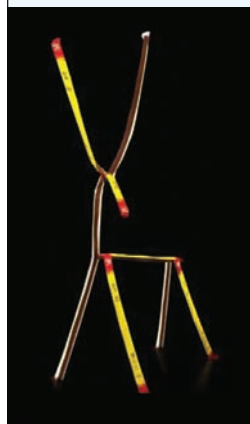


- Reddi-Wip Whipped Dessert Topping

- Van Camp's Beans w/Sauce

SNAPALOPES

Five hundred and thirty-three million Slim Jims (enough to circle the Earth 2.7 times) are made each year and now they are fighting back. Snapalopes are the fictional characters made from Slim Jims that appear in a new marketing campaign. According to the Snapalope Hunting Association of America (www.shaa.com): "Snapalopes are part of the family



Snap. Skittish by nature, these herd dwellers stand 31 inches tall and graze extensively throughout store habitats across the United States.

Distinguishable by their long antlers and slender bodies, snapalope have no known predators aside from man who hunt them for their delicious spicy meat and exquisite yellow and red hide." This "group" offers tips on technique, clothing, regulations, protocol and more for hunting snapalopes. To see hunters in so-called action, log on to www.slimjim.com and view the TV spots.



Down the road there will inevitably be a trickle effect operationally. She points out that if you truly understand your shopper and how to influence them, forecasting improves and operational efficiencies get better.

As part of its central focus on customers and consumers, ConAgra is also investing heavily in new product innovation and increased marketing to drive preference and loyalty for its brands. New marketing campaigns for some key brands are built on consumer insights. According to Konetski, "We have upped our advertising spend significantly behind our brands. We are focusing on some key brands and putting more money behind them. Partially due to more refined and better understood key consumer

Popping Up Results

The new strategy has not been in place that long, but there are a few quantitative results. For instance, with Orville Redenbacher and Act II popcorn, they did the work to characterize the shopper and their behavior both at home and in the store. ConAgra uncovered that this consumer shops by segment versus pack type. The first thing shoppers think of is whether they want butter, a better-for-you product or a specialty product like kettle corn. "This significantly changed how we approach the shopper in the store, from the shelf to the packaging to the merchandising vehicles," Mullen reveals. "We now recommend a calorie continuum

VAN CAMP'S PORK & BEANS, NOW A CONAGRA BRAND, HELPED SUSTAIN TROOPS IN THE CIVIL WAR.

and shopper groups." Mullen talks about how fragmented marketing is these days, with so many ways to reach the consumer. She believes you really have to understand your consumer and who your shopper is to make sure marketing spend gets a good return. ConAgra has conducted a tremendous amount of research in the area of targeting and insight to drive key campaigns.

"We identify them [shoppers] based on key behaviors, we understand them attitudinally and we define them demographically," she explains. "The new technology is going to help us to be extremely specific about behaviors. The more in depth information we have about that behavior, the more refined our targeting can be."

Mullen details this: Depending on the trip, the mission, the store they walk in, shoppers behave differently. "We need to know how to appeal to our shoppers in a club store versus a convenience store. Thus, we will know what types of tactics are going to influence them because we understand why they walked in there in the first place," she emphasizes.

shelving strategy where segments are shelved going across and brand blocks are running up and down. This way you still speak to the shopper as a brand, but first you make it easy for the shopper to find the segment for which they are looking." Packaging changes to further support this strategy are currently in process.

Ten grocery customers — a mix of national and regional — have had the new set and assortment in place for at least 12 weeks, and the popcorn category for those customers experienced a 7 percent increase in base dollar sales on average, while ConAgra products increased base dollar sales on average by 11 percent. "It is a win for the customer, the shopper and for ConAgra," Mullen concludes.

The company is already No. 1 or No. 2 in more than 25 categories (*see sidebar*), and this, it seems, is only the beginning.

As told in the annual report: "We have a clear vision of the new ConAgra Foods, and we're creating it right now . . . day by day, customer by customer, consumer by consumer . . . one bite at a time." **CG**