

March – April 2009

In-depth and accurate MR  
conference summaries since 1997,  
from the publisher of

RESEARCH BUSINESS REPORT  
RESEARCH DEPARTMENT REPORT  
PHARMA MARKET RESEARCH REPORT  
www.rflonline.com

## Report

Important insights from speeches at recent MR & Intelligence conferences

Information Resources, Inc

Reinventing CPG and Retail Summit

Las Vegas, NV

March 23-25, 2009

## For Frito-Lay, Speed Makes Insights Relevant

**Main Point:** Frito-Lay's CMO offered two revelations about the past state of its insight-driven decision making: "Half of our insights are profound—and have no impact. Eighty percent of our decisions are not based on a pure insight." But the speed quotient afforded by IRI's Liquid Data™ platform have made insights relevant to Frito-Lay decision making.

RCR impressions of content: **Freshness: A**  
**Relevance: A**  
**Practicality: A**

**Jaya Kumar**, CMO of **Frito-Lay** (Plano, TX), a division of PepsiCo, summarized the insights-driven decision-making process now in force at the company after testing and implementing Liquid Data over the past 18 months. Case histories detailed how it has provided previously unavailable, on-the-fly organization-wide intelligence concerning consumer and shopper insights, brand, market and category performance, and shopper loyalty.

"Frito's biggest learning over the past 18 months has been 'speed,'" he noted. "The reason 80% of our decisions had been made without complete insights was that the time it took to identify and analyze an insight always exceeded the time we had to make a decision." The newfound speed of knowledge delivery from IRI data has enabled timely insight formation, analysis and tactical implementation.

Maintaining his focus on speed, Kumar highlighted necessary changes made within Frito over the past four months. "When we did our planning for the anticipated '09 economy, we estimated the impact of high inflation in the savory snacks category. Then, within 14 weeks, that inflation consideration became a deflationary problem," he summarized.

Kumar said corporate strategies are easily copied by observing, but that is not true of speed. "Speed is so cultural and dynamically tied to how a company responds that it almost becomes an insulating difference," he said. At Frito, speed's value was found in three variations: speed of simplicity, speed of optimism and speed of trust, he commented.

"Among the amazing things we learned about insights is that most analysis is really too complicated and takes too

much time," he continued. "An executive with a major chain at this meeting stressed to me the ability to ask a business question and to get an answer quickly so that if the answer is incorrect the question can be asked again and a correct answer obtained. For that not to take 10 to 12 weeks, we need analytical tools that do things in an iterative and rapid fashion."

Speed of trust is also vital between business partners—like Frito and its customers—which work together to solve the issues that lead to better sales. Kumar explained, "In our organization, speed of trust is also going to be a major differentiator based on feelings of category competence among the people we work with.

"Working with IRI Liquid Data is providing vital information in minutes versus weeks," he said. "For instance, it has allowed us to understand how consumers in different neighborhoods shop during different weeks of the month. Traditionally, we would have disaggregated panels back by store and looked at purchase behavior by baskets. I have no idea how you could disaggregate a panel by store and time of month. Liquid Data let us identify in less than two days the neighborhood locations of interest to us from tens-of-thousands of American stores." Frito discovered that price points were bigger, there should be multiple price points on the first of the month and that price-point value was more important late in the month. Applying these insights, Frito sales were up in the mid-teens for the first six weeks of 2009.

Slightly altering his focus, Kumar discussed the kind of savory snacks flavoring, packaging, pricing, etc. most saleable to Hispanics in America. With Liquid Data, he said Frito can get to the bottom of that question in 48 hours and implement in-store in less than one month. "Obviously, it depends on Hispanic market penetration and the level of acculturation within the Hispanic community," he noted.

Moving to a brand success story, Kumar spotlighted **Doritos**™. "Three years ago, household penetration was



Jaya Kumar



down and revenues were sputtering,” he stated. “Since then, the almost \$2 billion brand has been growing in mid-single digits annually. Its turnaround was attributable to giving the brand to consumers to manage,” Kumar disclosed, highlighting

“Working with IRI Liquid Data is providing vital information in minutes versus weeks”

flavors, packaging, the works. He discussed the most recent phase of that marketing maneuver. A *Doritos* online advertising contest promised the winning spot would appear as a Frito 2009 Super Bowl ad and that the winner would also collect \$1 million if it was judged the best Super Bowl ad.

“We received 2,400 ads,” Kumar told the audience. “Believe

me, some were beyond anything we would have expected from an agency,” he remarked with a chuckle. He played the winning entry that had been voted the best 2009 Super Bowl ad and tops on YouTube. Noting that Frito paid an insurance company \$100,000 to cover its potential million-dollar payout, the CMO said, “It proved to be a good bet. Our winning *Doritos* ad got tens of millions of dollars’ worth of earned media buzz” ©

*Reproduced from the March-April 2009 issue of Research Conference Report by RFL Communications, Inc. (Skokie, IL), which also publishes Research Business Report, Research Department Report and Pharma Market Research Report, three other market research newsletters. For information about any of these RFL MR publications, please visit our website ([www.rflonline.com](http://www.rflonline.com)), call RFL at (847) 673-6284 or send an e-mail request to [info@rflonline.com](mailto:info@rflonline.com)*