“Digital” has come a long way since its origins as 1s and 0s and has quickly evolved into a strategic priority for nearly every company. As organizations wrestle with the talent and leadership implications of digital, a major obstacle to making critical decisions is often a lack of agreement about what the term even means. We classify digital as the broad range of technology-enabled advancements — including e-commerce, social media, big data and mobile computing — that are transforming how consumers live their lives and how consumer companies operate. Digital enables growing price and performance transparency, simultaneously raising customer expectations and the stakes of a competitive landscape. As channels expand and new disruptors emerge, consumer companies will need to rethink their talent strategies in a digital world where desire for seamless, personalized experiences and rich, engaging content will only continue to grow. In this series of articles, we explore how digital is impacting the consumer industry today and how companies in the consumer products, restaurant, retail and travel sectors are evolving their leadership and organizational decisions in response.
Quench your thirst. Brush your teeth. Bring the family together. At their most basic level, consumer products companies satisfy fundamental human needs. Today, digital technology is enabling those needs to be fulfilled better and faster than ever before.

Our findings indicate that, so far, consumer products companies have not moved as quickly to leverage digital technology as other sectors such as retail or travel, whose more direct interaction with consumers has required that they provide a variety of digital tools and platforms for dialogue and transactions. Digital efforts in the consumer products sector thus far have primarily been focused on marketing communication and market research.

Yet there are a number of progressive consumer products companies that recognize the opportunity that digital technology represents, and they have begun to explore ways to use it in order to build relationships between customers and their brands, deliver better customer service, check the pulse on consumer trends and empower field-based sales organizations. As consumer products companies dive deeper into digital, the types of leadership skills they need are changing, with some roles being completely redefined. Many consumer products companies have begun to evolve their thinking about talent and explore ways to both confront talent retention challenges and overcome organizational resistance as they embark on the next phase of their digital journey.

Redefining the brand-consumer relationship

Most would agree that psychologist Abraham Maslow’s hierarchy of needs, first introduced in 1943, still drives human behavior today. The difference now, according to Jens Jermiin, vice president of digital media and production at Carlsberg, is that technology allows people to fulfill those needs more rapidly and with more information about their options than ever before. Customer expectations for the entire shopping experience have risen dramatically — customers want to be able to learn about a product in real-time via clear web content, user reviews or chats with customer service representatives as part of a user-friendly experience, whether purchasing via a mobile device or in a brick-and-mortar store.

The use of digital technology to deliver a seamless customer experience has quickly become a priority for consumer products organizations, and, in many cases, it represents an opportunity for companies and brands to reinvent themselves entirely. Global branded play leader Hasbro, for example, has invented new ways to blend analog and digital play, and to balance a new generation of consumers who are growing up in the digital world.

“Over the past several years, we’ve focused on delivering immersive brand experiences to consumers, not only in traditional toys and games, but also through combined physical and digital experiences that can be enjoyed on mobile devices and tablets,” said Brian Goldner, president and CEO of Hasbro. “For example, last summer we unveiled Telepods, an all-new mobile gaming platform using innovative new technology to allow kids to play in two ways: in the physical space and through full and unprecedented integration into top-tier mobile apps.” The company has introduced a similar system for one of its classic brands, bringing it into today’s multichannel era. “For My Little Pony, we produce a television series that ladders to the digital game, analog play and licensed products, so the child and their parent can move fluidly and build brand affinity across any number of play experiences.”
An increasing demand for content

Digital technology has activated a huge customer appetite for content and experiences. A 2010 Kaiser Family Institute study found that young Americans ages eight to 18 are absorbing 11 hours of content in seven-and-a-half hours of time; a feat made possible by simultaneously using a smartphone or tablet, listening to music online, watching web videos and browsing the Internet. Digital technology’s staggering time-bending power is an opportunity to engage more with customers in less time, not only requiring more content, but content that is enticing enough to capture the attention of a multitasking reader/viewer.

William Custodio, vice president of marketing at Whirlpool Brasil, has witnessed how the rapid consumption of content has translated into a drastically shorter buying process. The appliance company’s customers used to take approximately 12 weeks to research an item and make a decision to buy — that process now takes only one week. To accommodate this shortened purchasing journey, Whirlpool Brasil established a dedicated content team to deliver information through various channels, help build customer relationships and ultimately drive conversion.

Questions for further thought

Wholesale adoption of every digital advancement is neither practical nor strategic. Leaders of consumer products companies must determine which specific digital pursuits further advance their strategies and how they impact their talent needs and broader organizations. Here are some questions sector leaders can ask themselves to help discern the most appropriate digital technologies for their companies and set realistic expectations for results:

What changes in profile, experience and/or attitude would we strive to make on our next key hire?

How is the purchase decision process changing for my product as a result of digital, especially given the unprecedented access customers now have to pricing and product information, reviews and ratings?

How do our goals for digital advancement align with our overall strategy?

What has been our talent strategy to build digital expertise and is it working?

What would constitute a successful digital presence for our organization — what does digital success look like for us?

Have we leveraged digital technology to collect consumer insights, spot trends or simply track marketplace initiatives?

In what ways can the increase of content consumption help our business?
Social media: constant consumer touchpoints

Given the everyday-use nature of many consumer products, social media presents a significant opportunity for companies to further reinforce their presence in customers’ lives and interact with them directly — as well as respond to and contain negative feedback in real time, which can go viral immediately if left unaddressed.

As a lifestyle brand, Pepsi has long gravitated toward social media, adopting it early and heavily using Twitter, Vine, Instagram and YouTube. “We will continue in the area of photos and videos and incorporating them into marketing campaigns and connecting with consumers,” said Frank Cooper, CMO of global consumer engagement for PepsiCo’s global beverages group. “YouTube will be an increasingly great platform for us to leverage, both in airing more original content, but also in getting a better understanding of this next generation of storytellers and content creators.” To further engage with the digital community, stay ahead of trends and tap ideas that can be incorporated into its digital strategy, the company recently sponsored the MidemLab competition, in which innovators in the digital music arena are judged by an international panel of venture capitalists, executives and entrepreneurs.

A source of insight and intelligence

The role of customers has also evolved — they are no longer simply purchasers of products, they are valuable sources of insights. Digital technology has enabled consumer products companies to apply crowd-sourcing to retail operations research with new tools that allow third parties in certain geographies to assess products in local retailers. “If you want to know what your distribution looks like in a specific Jacksonville supermarket chain, this company will contact their in-person research population and within 24 hours, the company has data about what SKUs are present,” said Andy England, executive vice president and CMO of MillerCoors. “Digital technology is constantly evolving the way market research is done.” ConAgra is also experimenting with market research tools that make the customer an in-store auditor who can check the state of inventory and displays.

A new way of thinking about talent

Consumers’ use of digital technology, and their increased content consumption, has forced consumer products companies to rethink their talent mix. For example, Hasbro evolved its talent composition from 2000 to 2012, adding entertainment, licensing and product development talent and more technology-savvy executive leadership.

“We’re the same size as we were but, in fact, the composition of our employee base has changed dramatically, with roughly half of our workforce either doing different jobs or new people doing new jobs,” said Goldner. With content emerging as a key priority, Hasbro hired external talent, including Emmy Award-winning program developers and heads of studios to create episodic content for its digital channels, and also invested heavily in R&D and global expansion. “We brought in talented leadership with deep experience to help us to evolve our entertainment strategy, with recognition that we needed to onboard new skills to achieve a bold idea of what the company could be — a brand owner and IP creator rather than SKU maker and manufacturer,” he said.

Some companies in the sector use external digital and ad agencies to fill the digital gaps, but others believe that the capability to connect with consumers is so core to what they do, they build internal teams. Social media is a priority for Arla Foods, the largest dairy products company in Scandinavia, and the company has bolstered its in-house capabilities with the confidence that short-form content and even 140 characters on Twitter can have a considerable impact on the long-term consumer relationship.

“If you outsource your social media presence, you are giving away a lot of knowledge in terms of how you build
relationships with customers and we need that knowledge to stay within the company," said Thomas Heilskov, global digital director at Arla Foods. Javier Sanchez Lamelas, vice president of marketing of Europe for Coca-Cola, observed that the demand for content has changed the traditional approach to marketing, requiring that companies in the sector have content producers within their organizations who generate, select and produce outstanding content versus relying on the typical channels of media distribution.

The great talent debate: Sector vs. digital expertise

When hiring leaders to perform in a digital world, companies frequently debate about how much weight should be given to sector experience versus digital expertise. Which of the two is easier to teach? Historically, sector experience has been a top priority when hiring, but an increasing number of executives have changed their preference. “I remember when I interviewed for the job, one of the biggest concerns people probably had was that I had no food experience and I could never understand why that was even an issue as a marketer,” said Joan Chow, executive vice president and CMO of ConAgra. As she builds her team’s capabilities, she places greater emphasis on whether talent is rooted in the expertise of their respective fields, e.g., social media or mobile marketing, believing they can learn the food business.

However, England chose to lean more heavily on sector expertise after extensive deliberation about how to fill the director of digital marketing role on his team. “We had quite a long discussion and asked, ‘Are we better off getting a beer person and having them learn digital, or are we better off getting a digital person and having them learn beer?’” he said. “This is a fundamental question because beer has its own quirks — the three-tier system, the myriad of channels, the state regulations, not the least of which being the age requirement across the U.S., which means when you’re doing digital communication, you better have a good sense of your audience composition. There are all sorts of things that you’ve got to worry about for beer. In addition, digital talent is hard to retain, resulting in costly turnover, constant retraining and continuity challenges. It’s still a bit of a gold rush on the digital side.”

Some organizations have found that the solution to the skill-sets question isn’t an either/or proposition, but a blend. Industry executives bring context, content and leadership skills that digital natives may not have yet acquired, and digital natives bring a deeper understanding of digital technologies and their implications.

For roles that are not steeped in technology, Cooper looks for “T-type” people, with the vertical line symbolizing a deep competency and the horizontal line signifying broad interests. “What we've found is that if you have someone who is completely locked into the digital world or someone who is completely locked into the traditional marketing world, getting them to collaborate across the lines is very difficult,” he said. “They don’t speak the same language about what goals they’re trying to achieve and so we look for someone with a specific and deep core competency, but a broad point of view about the business.”

Whether companies prefer sector over digital expertise or a combination of the two, a universal priority is finding digital talent with a business mindset. “One challenge is to find the people who are at the front of this digital curve, while having a business mindset and being able to bring this into contact with the rest of us,” said Hanne Sondergaard, global senior vice president of Arla global categories and brands at Arla Foods. “You meet a lot of people who are almost isolating themselves: There’s the digital world and then there’s everything else.” In addition, intangibles like passion, agility and cultural acuity are in high demand. “I think it’s more important to find the people who can combine the technology and the business approach and who have a passion for making a difference with digital,” added Sondergaard.
As time goes on, Chow anticipates that roles will morph, with dividing lines between social, mobile and other digital technologies blurring. Cooper expects that digital will change the profile of the next generation of CMOs. “There is going to be another generation of talent that will come through who is really comfortable with digital,” he said. “The next set of major CMOs will have extraordinary comfort with digital. It won’t be this kind of new, exciting thing to them, and they will execute that aggressively. We’re still waiting for that transition to happen and as more of the younger marketers and executives who grew up in digital get into positions of power, you’ll start to see it move throughout the organization.”

**Finding and keeping talent in a digital ‘gold rush’**

Demand for digital talent far outstrips supply, and consumer products companies must compete for candidates who are being lured by tech companies. Consumer products leaders have found success attracting talent who want to make a concrete impact, desire a challenge or aspire to help a well-loved brand advance digitally.

Once companies find digital talent, retention becomes the next major hurdle. Some have adjusted their hiring strategies, opting for sector-focused talent over digital natives in order to increase their longevity.

Although compensation is always important, the traditional methods of attracting and retaining talent are less effective with digital natives or talent who have essentially "grown up" in digital. For example, while rotation across departments, functions or geographies has long been a go-to method of providing top talent with new growth opportunities, digital talent is often too specialized to find broader exposure a benefit.

“We have to redefine how we think about talent in terms of hiring people, retaining them and promoting them,” said Cooper. “We have come to believe that the traditional approach of rotating people around after a certain period of time so they have broad experience may not be the right thing for talent that’s coming into the space today, because a lot of them want to be at places where they can do the best work and put out a particular initiative that has a very specific impact. We have to adjust our way of thinking about what’s the proper reward system for this type of talent. There’s a growing sophistication at PepsiCo around trying to think about talent and the new talent coming in.”

Rather than rotating digital talent, Whirlpool Brasil gives them special assignments of significance that allow them to use their expertise in different ways, such as the customization and personalization of appliances. Custodio says the company also heavily invests time and resources into training and developing talent, with a great emphasis on coaching.

For digital talent, conventional perks alone are not always enough — culture and work environment also play a significant role in attraction, requiring some consumer products companies to reevaluate their typical style of work. Flexible hours, dynamic office spaces and a spirit of empowerment can help the sector compete with the collegial, informal startup environments of alluring tech companies.

To attract digital talent, Philips Brasil has cultivated a smaller company environment within the broader organization. “People joining today are almost joining a new startup,” said Cyro Gazola, senior vice president and general manager of the consumer lifestyle sector of Latin America for Philips Brasil. “The dedicated digital team has a lot of autonomy to make decisions and it’s such a small management team that they truly are the ones making decisions.”
Chow has advocated for a greater emphasis on using technology to enable off-site work rather than finding additional real estate to house an influx of digital talent. “I am probably an outlier, but I do think companies need to think about greater flexibility because our younger employees are not as motivated by stock options and restricted stock units because they don’t plan to stay at a company for seven to 10 years,” she said. “There have to be other ways to engage them and motivate them, and having a work life that balances with their lifestyle is going to be really important for us.”

Organizational resistance: Getting past the ROI challenge

Some consumer products organizations are not yet accustomed to the direct-to-consumer relationship that digital technology enables. Thus, individuals at the forefront of digital initiatives in these organizations are often charged with convincing other leaders and their teams of the value of digital efforts. One of the most significant obstacles to fully embracing digital investment within the sector is the challenge of demonstrating the ROI. As England noted, it is much easier for an e-commerce travel business to measure ROI — tickets sold, click rates and customer information data are clear and readily available. It is more difficult to drill down to see the exact return of a specific channel, such as whether web video views have translated into sales. And in England’s world, working with beer distributors whose day-to-day lives may not put them in contact with digital marketing efforts as much as traditional television commercials, this dynamic adds another layer of complexity and another audience to convince of ROI.

“Traditional marketing analytics tools do not have the capability to measure social media, for example,” said Chow. “For digital, we are getting more information and can develop ROIs, but some people find them to be less credible because if they can’t see and touch it like television, they ask, ‘How do I know that this online thing really translated to this purchase behavior?’ If they don’t see immediate ROI, they don’t get it. That high degree of accountability and measurement has led to a slower adoption of digital.”

Despite these challenges, leaders within consumer products companies are building a case for digital and educating the entire organization. The key is to communicate the benefits of digital in a simple, clear way and provide a means for various stakeholders to easily compare digital results with other efforts.

“A few years ago, there was always the question of whether it’s worth the time and money because there are a lot of people who didn’t have the same comfort with the metrics and the measurement tools that we use for digital, as opposed to other areas,” said Cooper. “But today, there is a recognition across the entire enterprise that digital has to be simple for us. We’re starting to see those bridges happen, such as taking data from Nielsen OCR or Google’s Active View, and creating a mechanism so that any executive can look at a campaign online or on TV and compare the impact. We’re in that messy stage of transition, but the great news is that every function in this building recognizes that digital will be the new center of gravity for the entire enterprise.”

Encouraging healthy risks

Defining realistic expectations and building an acceptance for risk-taking has been integral for consumer products companies in bringing the entire organization along on the digital journey. “It’s very easy to get demotivated by not having the results that you want at the beginning of the journey,” said Lamelas. “And for CEOs, it is very easy to get demotivated at the beginning by the lack of tangible results in marketing departments. But this is a mistake because somebody will crack the code of marketing in a big way and it will be even more effective than it was back in the ’80s and ’90s. This is a period of change, a period of learning, a period of trial and error and the companies that are not in that game will definitely be the losers.”
Celebrating both successes and failures can help break down the cultural resistance to experimenting with new ideas for digital. “Finding ways to fail and learn fast is really important,” said Tony Palmer, president of global brands and innovation at Kimberly-Clark. “Senior leaders need to protect and reward people for taking a chance. Telling personal stories, stories of attempts, victories and failures is also really useful driving that cultural shift.” Similarly, celebrating successes early, such as Kimberly-Clark’s marketshare gains with U by Kotex, helped to reinforce the positive results generated by marketing and its digital efforts.

Palmer likens the consumer products journey in the digital age to training for a decathlon: “The truth is we’re probably only going to really compete in two or three events, because two or three events are going to work out to be important. But you have to build the muscle for all of them, because you can’t be sure which event is going to be the right event.”

The age of greater collaboration

In order to build digital strength throughout the organization, functional leaders must work together like never before to plan and execute strategies, and share information and data. Companies throughout the sector and broader industry are finding that collaboration between the CMO and CIO has become especially important in a digital world. At Spencer Stuart’s 2013 CMO Summit, Sanjay Gupta, executive vice president and CMO of Allstate remarked, “The CIO and I get along fabulously to the point where, in a meeting we even said, ‘Let’s swap jobs,’ and had some fun with him asking, ‘What are the brand implications?’ and me asking, ‘How scalable is the system?’ It’s a very good partnership. At half of my meetings, someone from technology is there, if not the CIO. Marketing and technology now work very closely together, far more than a decade ago.” ConAgra’s marketing group, too, has increased collaboration with the CIO’s team to in order to advance their knowledge and use of technology, as well as to understand the possibilities of emerging technologies.

Companies are also realizing that previously disparate functions must work together in order to realize the full potential of digital technology. For example, technology can arm in-store sales teams with tailored information, which has been an immediate need for Whirlpool, but the effort requires collaboration among IT, marketing, customer relationship management and data analytics groups.

Digital technology also can empower every level of the organization to share ideas, building a strong, open culture that attracts digital talent. While ConAgra’s IT group began connecting on Yammer, its use has spread organically throughout the organization’s functions to 9,000 members, who are using the internal social media platform to communicate with each other and gain previously unprecedented access to senior leadership. Using digital technology for internal communication can easily and quickly engender open innovation and collaboration throughout the organization.
Conclusion

Consumer products companies have been relative laggards to other, more directly customer-facing sectors on the use of digital technology, but many are now pursuing the opportunity to reposition their companies and brands, connect more deeply, frequently and saliently with consumers, and ultimately grow the business profitably. As consumer products companies broaden their sets of digital tools, they will need leaders who have the courage and willingness to experiment and even fail from time to time. In addition, senior leaders will need to reassess the way the organization is structured and the profile of talent going forward. From a cultural standpoint, the success of increased digital efforts demands the adoption of new ways of thinking and collaboration, beginning with IT and marketing and product development, as these changes cannot be fully effective in functional vacuums. Executives at the forefront of these technologies must serve as ambassadors throughout the company, educating other leaders across functions and helping the entire organization to embrace digital technology as integral to the future of the business.

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