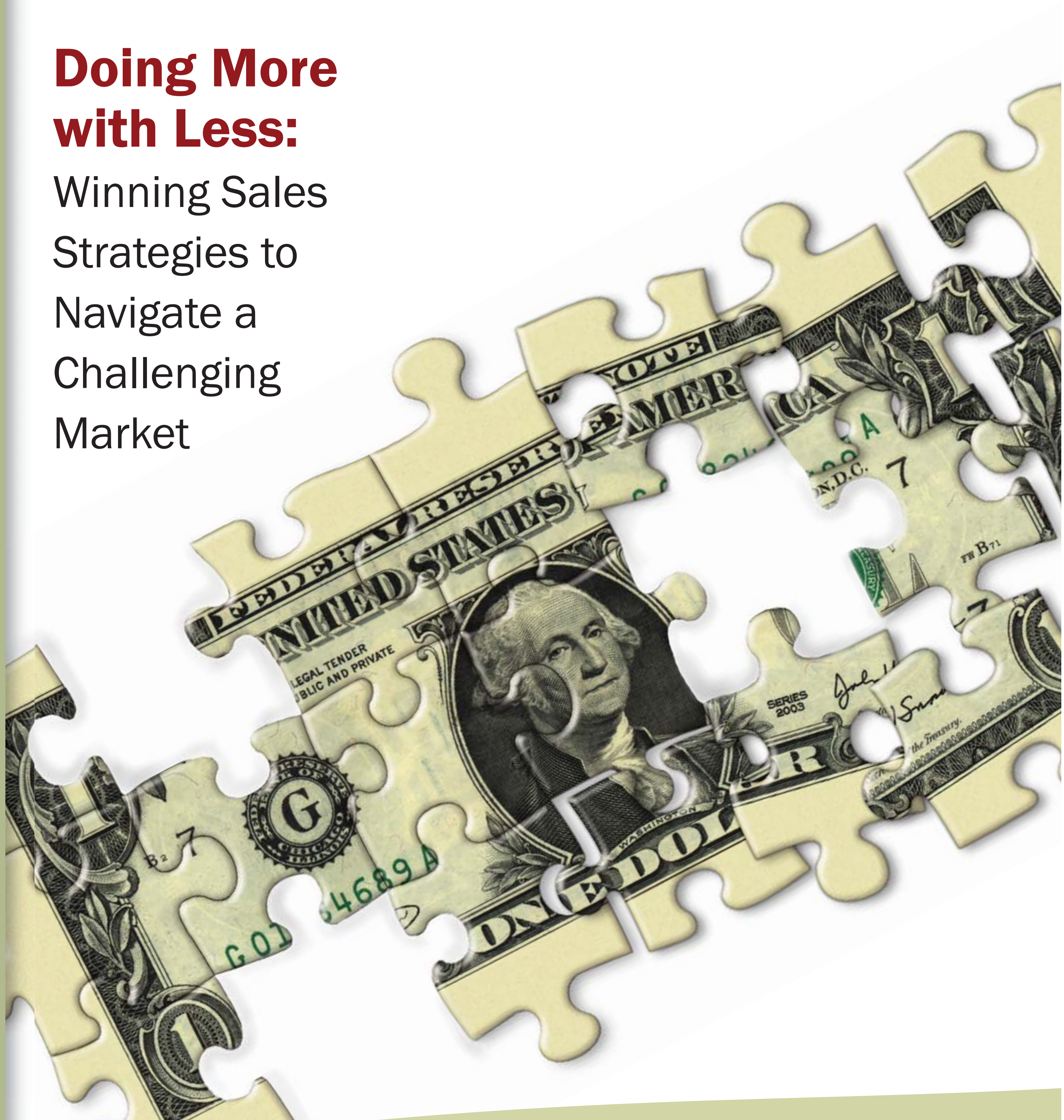
GROCERY MANUFACTURERS ASSOCIATION

The 2008 Customer and Channel Management Survey

Doing More with Less:

Winning Sales Strategies to Navigate a Challenging Market



GMA
The Association of Food, Beverage and Consumer Products Companies

IRI
INFORMATION RESOURCES, INC.

McKinsey&Company

GROCERY MANUFACTURERS ASSOCIATION (GMA) represents the world's leading food, beverage and consumer products companies. The association promotes sound public policy, champions initiatives that increase productivity and growth and helps to protect the safety and security of the food supply through scientific excellence. The GMA board of directors is comprised of chief executive officers from the association's member companies. The $2.1 trillion food, beverage and consumer packaged goods industry employs 14 million workers, and contributes over $1 trillion in added value to the nation's economy. For more information, visit the GMA Web site at www.gmaonline.org.

INFORMATION RESOURCES, INC (IRI) is the world's leading provider of enterprise market information solutions and services. IRI provides a combination of real-time market content, advanced analytics, enterprise performance management and professional services for clients, enabling leading retailers and their suppliers around the globe to act faster with greater confidence, and win at the shelf.

McKINSEY & COMPANY is a management consulting firm that helps many of the world's leading corporations and organizations address their strategic challenges, from reorganizing for long-term growth to improving business performance and maximizing revenue. With consultants deployed in 50 countries across the globe, McKinsey advises companies on strategic, operational, organizational and technological issues. For eight decades, the firm's primary objective has been to serve as an organization's most trusted external advisor on critical issues facing senior management. The Consumer Packaged Goods (CPG) practice serves the majority of the top global CPG companies on a range of cross-functional topics. As our clients face an increasingly challenging market, our consultants deliver distinctive, substantial, and lasting performance improvements, rigorous analyses and innovative insights.

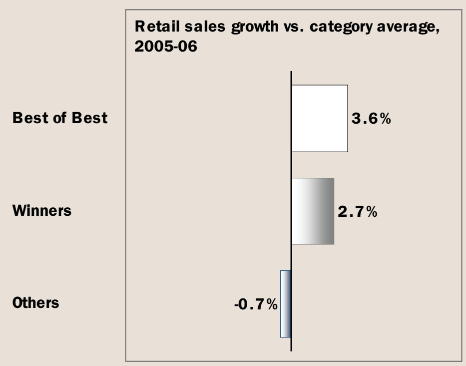
EXECUTIVE SUMMARY

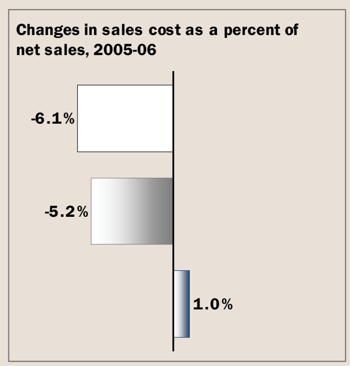
Changes in the economic and retail environment in the past few years have put tremendous pressure on consumer packaged goods (CPG) manufacturers. Declining home values, a higher unemployment rate, tightening credit conditions, and increasing food and gas prices have significantly reduced consumers' discretionary income and dampened consumer confidence. Rising commodity costs, which are driving some of these dynamics, are also translating into higher input costs for CPG manufacturers, consequently threatening margins.

In addition, the retail landscape has become more challenging. Many retailers have introduced new formats to meet consumer demands, and are placing greater emphasis on private label. Alternative channels are growing, and global retailers are starting to make their mark in the US. While some of these changes mean new opportunities, they are also driving fragmentation and, consequently, greater complexity for manufacturers.

In this challenging market, we see great disparity between those companies that have executed winning sales strategies and those that have not – with winners being able to do far more with far less. In the 2008 Customer and Channel Management (CCM) survey, we defined winners across four dimensions – sales coverage and execution, pricing, trade promotion, and shopper marketing.
The "best of the best" – those companies that had winning practices across multiple dimensions – are achieving 3.6 percent sales growth above the categories in which they compete, while decreasing their sales costs as a percent of net sales by 6.1 percent.

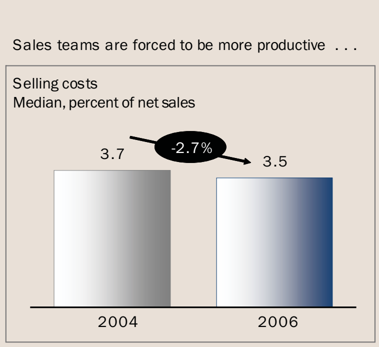
Winning companies are able to "do more with less"

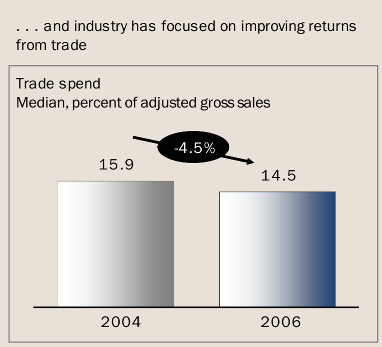




That said, the industry as a whole is 'doing more with less.' Overall trade rates have declined, along with overall sales costs.

Sales teams are more productive, and the industry has improved returns from trade

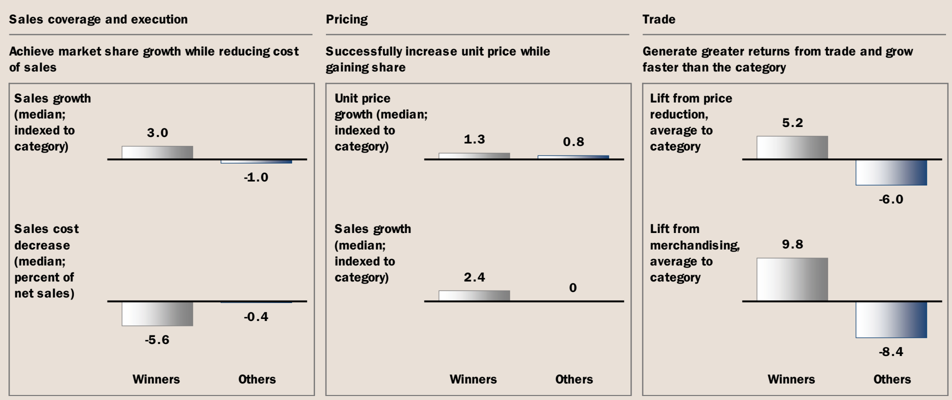




What winning practices are worth

Analysis of the survey responses – combined with IRI data (e.g., sales, base price, dollar share, ACV, display penetration) and financial results – yielded a set of "winners" in each performance area.

- Sales coverage and execution winners outgrew their categories by an average of 4 points, while reducing their sales expense 6 percent more than other survey participants (as percent of net sales)
- Pricing winners increased unit price and grew sales at a higher rate than their category peers – averaging 2.5 points higher growth
- Trade winners were able to achieve 15-20 points higher lift than their category peers, leading to sales growth over 2 points greater than the category. They were more successful in lowering overall trade rates, with over half of winners reducing trade rates by more than one point as a percentage of adjusted gross sales
- Shopper marketing winners benefited from better relationships with retail partners – gaining greater influence over the marketing calendar and better in-store access



Our findings show that winning companies' customer and channel management practices differentiated performance. We found that winners vary widely in terms of company size, distribution models, go-to-market models, and their brands' market position, suggesting their practices can translate into key lessons for the entire industry on how to navigate through these challenging times.

- **Make big bets on future opportunities – before they are clear to the market.** Winners in this year's survey were committed to the grocery channel – a channel that in the past few years has seen strong growth and benefited from format and shopper innovations – at a time when many other companies shifted resources elsewhere.

- **Build fewer, stronger account teams.** Winning manufacturers have fewer dedicated account teams, but these teams have more resources with greater functional expertise tailored to the needs and wants of each of their top accounts.

- **Price more often, and invest in a scientific approach.** Historically, pricing winners take smaller, more frequent pricing changes to the market. In the current environment, the ability to regularly adjust price – and to take into account overall economic factors when deciding the size of price increases – is even more critical. These changes are supported by a larger and more skilled team of pricing analysts – with 70 percent more full-time staff focused on pricing relative to the other survey participants.

- **Reduce trade rates AND grow sales through prioritization and retailer accountability**. Winners take their trade analytics to the next level, with more rigorous performance management and targeted programs based on retailer and consumer needs and actions. Winners demand results, and are more likely to reallocate dollars away from underperforming customers and more likely to reduce overall trade rates.

- **Develop cutting-edge approaches and capabilities in shopper marketing.** Survey participants singled out shopper marketing as the biggest capability gap and the top priority for investment. Winning players are focused on developing next-generation tools, capabilities and strategies to succeed in this emerging area of opportunity, and on ensuring they generate appropriate returns from their shopper programs.

2008 CCM Survey Participants

American Licorice Company
Société BIC
Grupo Bimbo, S.A.B. de C.V.
Brown-Forman Corporation
Cadbury plc
Campbell Soup Company
Coca-Cola Enterprises Inc.
The Coca-Cola Company
The Clorox Company
ConAgra Foods, Inc.
Groupe Danone S.A.
Del Monte Foods Company
The Dial Corporation
Domino Foods, Inc.
E. & J. Gallo Winery
Fortune Brands, Inc.
Georgia-Pacific Corporation
GlaxoSmithKline plc
Hallmark Cards, Inc.
H. J. Heinz Company
The Hershey Company
Johnson & Johnson
The J.M. Smucker Company
Kellogg Company
Kimberly-Clark Corporation
Kraft Foods, Inc.
Land O'Lakes, Inc.
Mars, Incorporated
McCain Foods Ltd
Nestlé S.A.
Ocean Spray Cranberries, Inc.
Pepperidge Farm, Incorporated
PepsiCo, Inc.
Pharmavite LLC
The Procter & Gamble Company
Reckitt Benckiser Group plc
SABMiller plc
Time Warner, Inc.
Unilever N.V.
Welch's Foods Inc.
William Wrigley Jr. Company

SURVEY OVERVIEW AND METHODOLOGY

This report summarizes the results of the 8th edition of McKinsey & Company's Customer and Channel Management (CCM) Survey, which provides an up-to-date perspective on the practices that drive CPG companies to superior performance. The CCM survey, which marks its 30th anniversary this year, is unlike other market surveys as it is the only one that links companies' self-reported practices with financial performance and in-market results to identify winning practices.

This year's survey is produced in partnership with the Grocery Manufacturers Association (GMA), with industry point-of-sale (POS) data supplied by Information Resources, Inc. (IRI). The 2008 survey homes in on four elements of customer and channel management: sales coverage and execution, pricing, trade promotion, and shopper marketing. By studying the survey findings in these areas, CPG companies can identify gaps and opportunities in their customer and channel management practices and capabilities, as well as gain insights into important industry trends.

In 1978, McKinsey & Company began gathering data and performance benchmarks on the sales organizations of CPG companies in the U.S. by conducting a survey among the industry's leading players. Over time, the survey evolved to uncover deeper insights about how consumer goods companies can achieve greater financial performance and customer impact. This year's research continues that evolution. To reflect emerging industry trends and data availability, a number of changes were incorporated into the 2008 survey, including:

- The introduction of new survey questions and modules focused on the industry's emerging capabilities (e.g., shopper marketing, sales technology)
- Increased emphasis on sales capabilities as a key driver of success
- More detailed, quantitative benchmarks on coverage and service models for top U.S. retailers (Wal-Mart, Target, Kroger, Costco, Walgreens, 7-11, CVS), as well as route-to-market coverage and broker management
- A more robust underlying dataset to reflect growth in Wal-Mart and Costco

The survey was conducted online from November 2007 to February 2008, with a record 41 companies across the food, beverage, personal care, and home care categories participating. They represent a broad cross-section of the CPG industry – with representation from large-cap and mid-cap companies, leading brands (No. 1 or 2) and trailing brands (No. 3 or 4), manufacturers with direct store delivery (DSD) and warehouse distribution models, and companies using sales agents or direct selling models.

To ensure that the data were accurate and meaningful, the person accountable for each performance area completed the relevant part of the questionnaire (e.g., a leader on the Wal-Mart team provided responses to the questions in the Wal-Mart module). More than 450 CPG executives participated in the survey.

DETAILED FINDINGS BY PERFORMANCE AREA

SALES COVERAGE AND EXECUTION

This year's CCM survey demonstrates that winning CPG companies – those that grew sales the fastest relative to their category peers while reducing sales costs – are extraordinarily choosy about the channels and customers in which they invest. They are able to wring greater productivity from their sales and marketing investments because they deploy resources – both financial and people – where they will have the greatest impact.

It is a recipe that has resulted in above-average growth with the most important retailers. On a weighted-average basis, between the third quarters of 2006 and 2007 winners grew revenues at Wal-Mart by 14 percent, at Target by 19 percent, at Costco by 28 percent, and at Kroger by 7 percent. This translated into market-share expansions of between 1.2 percent and 4.4 percent, all while cutting overall sales expense. Whereas cost of sales as a percentage of net sales for average CPG players remained flat, winners reduced cost of sales by 6 percent of net sales, mostly by trimming personnel costs and broker and administrative expenses. In particular, winners do the following:

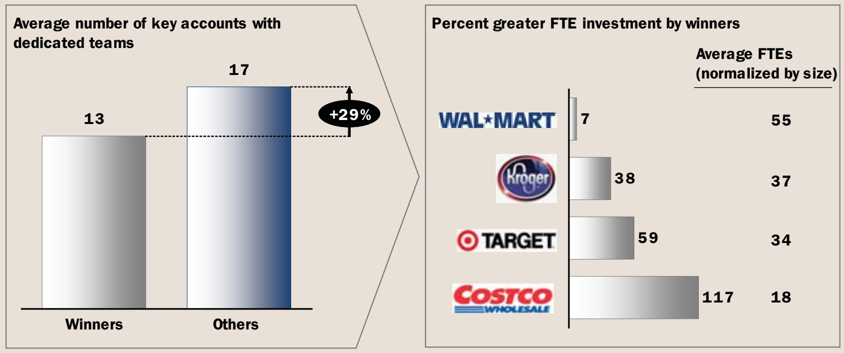
- **Make big bets on future opportunities – before they are clear to the market.** Most companies take a historical as well as a current view of their customers and channels. However, winners have their pulse on changing growth dynamics in the retail landscape. Along with tracking current sales performance, they forecast the future growth potential from different channels and retailers, and invest accordingly. These winning manufacturers are thinking ahead of the current planning cycle and are willing to place bets on likely growth opportunities.

  Since 2005, winning CPG companies have invested heavily in the grocery channel, particularly in rejuvenated grocery leaders such as Kroger and Safeway that over the last few years have responded to the challenge from the mass and value channels. As a result of format innovation and other initiatives, leading grocers have seen accelerated growth and a greater share of shopping trips, benefitting those manufacturers that joined the effort to reinvigorate grocery and invest in the channel.

  In 2008 we have entered yet a new cycle. Recent economic challenges have caused consumers to make fewer shopping trips and seek out less expensive products. Winners will have once again anticipated changing channel and customer momentum, and modified investments accordingly. While cycles will continue to bring about change, and momentum across channels and accounts will shift yet again, the ability to identify these shifts early and the willingness to place bets before peers do are among the attributes that set winning sales organizations apart.

- **Build fewer, stronger account teams**. Winners are more selective when it comes to creating dedicated accounts teams for retail customers, but they tend to put significantly more resources into the teams they do create.

Winners focus resources with top accounts



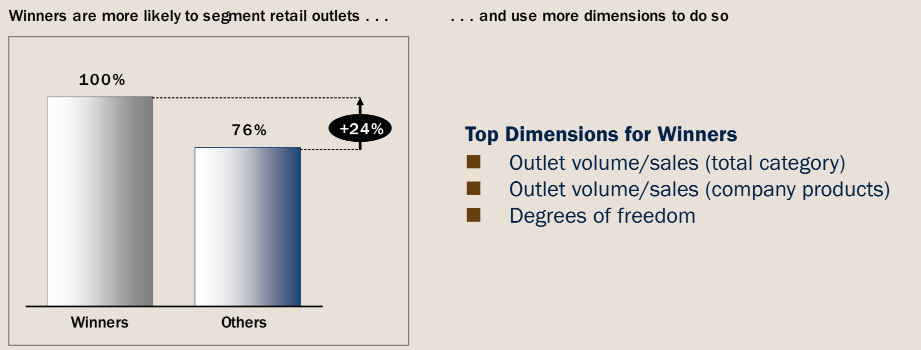
Furthermore, winners develop a distinct value proposition and program for each major account and assemble their teams purposefully, assigning a disproportionate number of dedicated team resources to address specific customer priorities. A winning CPG player ensures that the Wal-Mart account team, for example, is heavy on customer service given Wal-Mart's high expectations in this area; its Target account team would be oriented primarily toward category management and shopper marketing, core drivers of Target's performance.

Winners also over-invest senior management time to build relationships. While 84 percent of winning companies bring their CEOs on sales calls to Wal-Mart at least once a year, only 63 percent of the remaining CPG players do the same. This overinvestment in key accounts has helped leading manufacturers forge strong peer-to-peer relationships with high-level retail executives across a variety of functions, including category management and supply chain/operations. It has led to engagement of senior customer leaders in programs and decisions that need to go beyond the individual category buyer – a key factor in building more strategic partnerships with retailers.

- **Segment for impact**. Winners are driving performance at the outlet level through greater use of sophisticated retail segmentations to focus resources where they have the most impact. Winners are 25 percent more likely to segment outlets, and their segmentations tend to be based on a greater number of dimensions, including total category volume/sales in addition to company-specific volume/sales. With a more granular segmentation, they can comfortably tailor in-store activities to each outlet segment rather than taking a more costly outlet-by-outlet approach. In addition, winners take a very active role in determining the frequency of sales calls, paying close attention to in-store performance indicators. These winning practices hold true even for manufacturers that call on stores through third-party providers such as retail brokers. They actively optimize the balance between their own staffs – which are given responsibility for higher-value strategic activities – and brokers, tasked mostly with administration, support and routine in-store activities.

Additionally, almost two-thirds of winning CPG companies with warehouse models have chosen to use dedicated broker resources. Interestingly, this exclusivity does not appear to come with greater overall costs, driven in part by choices made by these manufacturers to cover a smaller portion of their relevant retail universe (55 percent of all relevant retail outlets for winners versus 72 percent for others). Finally, these winners manage broker performance more closely and renegotiate terms more frequently.

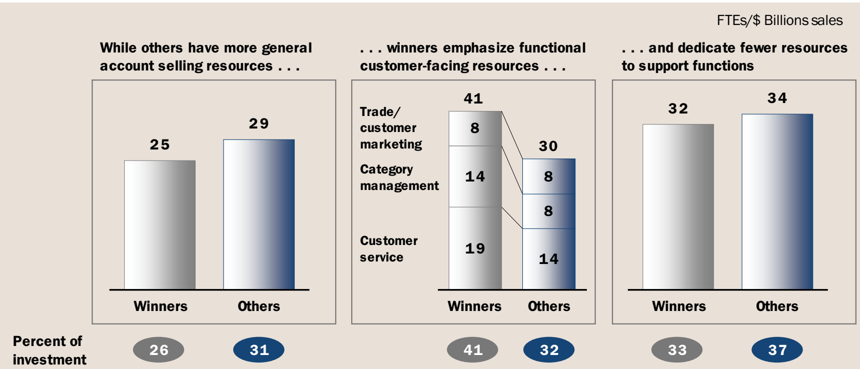
Winners segment outlets more and use more dimensions to do so



- **Run customer-centric organizations.** Winners drive greater customer focus throughout the organization at both the executive and managerial level. Heads of sales at winning companies already spend more time with customers and developing customer strategies, and less time on general management and administrative duties than their lower-performing peers – and they express greater interest in devoting even more of their time to customer-related activities.

  Furthermore, winning sales organizations invest a greater portion of their head-count in customer-facing roles, with a particular focus on adding staff in customer-facing areas requiring significant functional expertise, such as shopper marketing and trade spend management. In fact, winning CPG companies today have a smaller portion of their overall sales headcount dedicated to general account selling, and place a greater emphasis on new roles that bring added functional expertise and broader managerial skill sets to their customer relationships. Finally, winners drive more effective interfaces with other key functions such as marketing and supply chain, and rally these stakeholders around customer priorities and increased customer collaboration.

Winners place greater emphasis on sophisticated customer-facing roles



What it takes to win with Kroger, Target, Wal-Mart, and Costco

The 2008 survey yielded more detailed, quantitative benchmarks on coverage and service models for top U.S. retailers. While the general survey findings hold true for the following four key accounts, manufacturers can focus on specific actions to win with each of them.

Wal-Mart
Winners at Wal-Mart have invested in higher levels of customer service and joint planning processes to achieve higher performance at shelf and meet Wal-Mart's standards for in-store execution. Winners have launched collaborative initiatives in these areas (e.g., greater alignment of their supply chains to better meet Wal-Mart's distribution needs), as well as added significant headcount resources on their Wal-Mart customer teams and in the field. Unlike other manufacturers, Wal-Mart winners have not significantly reduced prices or increased trade spending, yet have found a way to grow sales an average of 7 percent faster than their peers.

Kroger
Winners at Kroger have also found ways to outgrow peers by an average of 3.5 percent by better tailoring their value proposition and coverage model. Winners have focused on enhancing the category experience for consumers, and although it is not necessary to be a "category captain" to win at Kroger, winners tend to have deeper category management expertise on their Kroger teams. Winners also deploy more shopper marketing resources with Kroger and have partnered with the retailer to develop and execute shopper initiatives to enhance the category shopping experience. Finally, winners, like others recognize that in-store execution is a key barrier to success at Kroger, and have increased field resources (e.g., merchandisers), to set their performance apart.

Target
Winning with Target requires having a solid grasp of what is unique about Target and its shoppers, and aligning the assortment strategy and in-store execution accordingly. Because Target emphasizes the importance of a detailed and specific understanding of its consumers and is selective in its SKU lineup in most categories, winners at Target have executed initiatives to better tailor assortments and develop unique shopper programming to cater to Target accounts. As a result, winners tend to have 2-3 times more dedicated shopper insights and category management resources on their Target customer teams.

Costco
Getting the price point and assortment right in the club channel is still the main challenge for manufacturers and Costco is no exception. Winners continue to pursue success at Costco by offering very competitive price points and bulk product sizes. Manufacturers have invested in additional customer team resources and a broader value proposition to serve Costco, but most still see getting to the right price points as the overwhelming driver of growth in the account. When manufacturers crack the code on this challenge, the rewards are significant, with average growth of winners exceeding others by 22 percent.

PRICING AND TRADE PROMOTION

Pricing and trade strategies are areas in which the sales team can drive significant overall value. Although often referred to as two sides of the same coin, pricing and trade strategies are still set and managed separately in many companies, often resulting in sub-optimal performance. Integrating them is becoming increasingly important, particularly for companies with a moderate to high frequency of promotion. Although the mechanics of how best to achieve such integration are still evolving, CPG players are making deliberate efforts in that direction: in this year's survey, nearly 90 percent of winners said they consider both promoted and everyday price when faced with a competitive pricing action versus 57 percent of others.

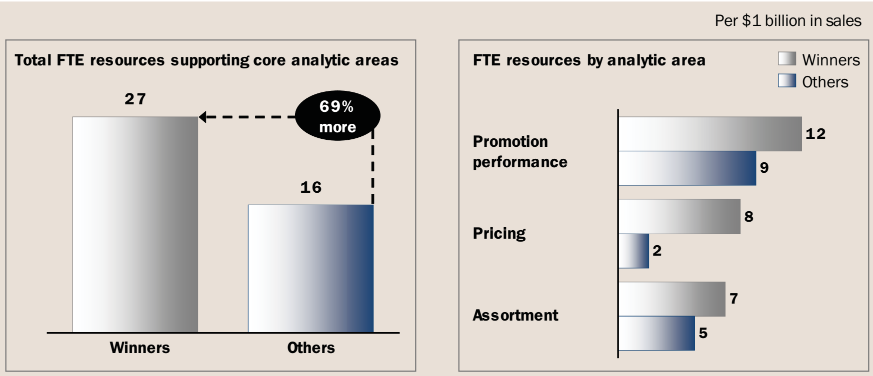
PRICING

Excellence in pricing is critical, particularly during a time of dramatic price increases across the industry. On average, winners have raised prices more frequently than their category peers and still managed to gain share (more than two points of overall sales growth versus the category). The survey reveals that the following imperatives are key to pricing excellence:

- **Get the price at retail through more frequent, well-executed price moves.** As with past surveys, winners continue to go to market regularly with changes in their pricing. Only 44 percent of average companies – versus 78 percent of winners – raised prices at least annually. Another key success factor for "getting the price" is framing the impact of a price increase in a way that appeals to retailers – that is, demonstrating how a price increase benefits the category as a whole rather than just a single brand. Winners also recognize that successful execution of a pricing strategy rests largely on the field sales organization. They are therefore more conscientious than their peers at providing tactical guidelines and information – from recommended retail prices and price floors to discounting bands and comparative data – to their field sales teams.

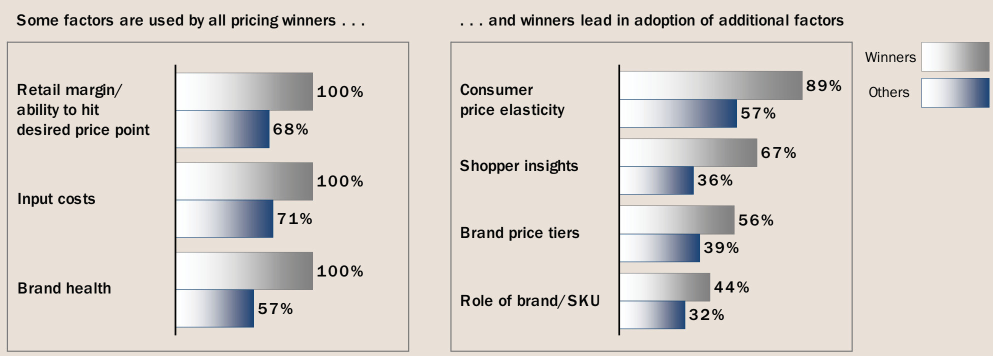
- **Invest in a scientific approach – with more resources, deeper analytics, and cross-functional collaboration.** Winners dedicate significantly more resources to pricing in both the field and at headquarters, with about 70 percent more FTEs.

Winners invest more in pricing analytics



Winners take a holistic view on pricing, setting price strategy across many dimensions – everyday and promoted, shelf and wholesale. Winners have a more granular understanding of how price-sensitive different consumer segments are. They measure price elasticity at a pack size or item level rather than at the brand level and are therefore able to better vary their assortment and pricing to cater to different consumer needs and shopping occasions. Furthermore, winners set pricing based on a more comprehensive view of the market than average companies.

Winners consider a more comprehensive set of factors when setting list price



Although there is no single organizational model for pricing excellence, a winning pricing organization has two characteristics: centralized responsibility for pricing and close collaboration across multiple functions of the organization. Having a single team take responsibility for pricing prevents internal conflict and clarifies accountability. That said, the formal reporting structure can take many forms; companies can situate a cross-functional pricing group in sales, marketing, or as a separate entity.

TRADE PROMOTION

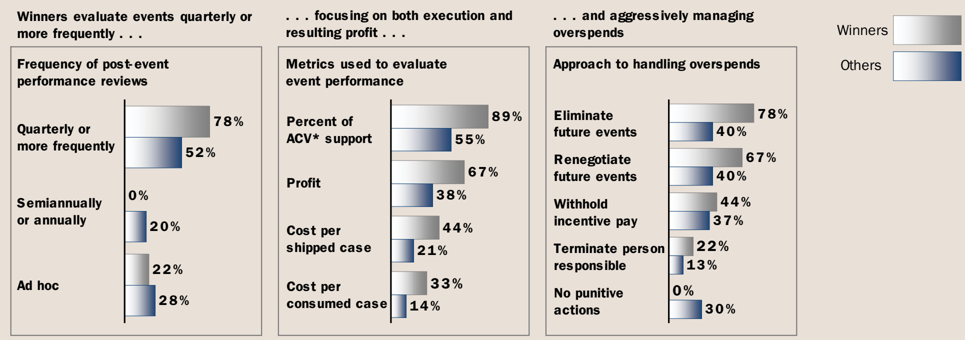
Over the last decade, the industry's efforts to improve returns from trade marketing investments have paid off. After many years of rising trade rates, the CPG industry saw median trade rates plateau between 2001 and 2003, and in the 2004-2006 period they declined by more than a point (as a percentage of sales).

At the same time, a number of factors are converging to make managing trade investment more challenging. There has been continued growth in Every Day Low Price (EDLP), a format whose performance has been difficult for CPG manufacturers to measure. Non-traditional channels such as dollar stores are becoming increasingly important. Every Day Low Cost (EDLC) and other new trade terms are gaining traction. Companies achieved winning performance in trade through prioritization, retailer accountability, and reliance on technology to support trade analytics and execution. Specifically, they:

- **Create promotions targeted to specific consumers and customers.** The foundation of a winning trade strategy is a thorough understanding of consumer segments and how those segments respond to trade marketing. Winners consistently use multiple data sources (e.g., loyalty cards, proprietary shopper research) to develop consumer insights and identify which segments and shopping occasions respond best to what types of promotions (e.g., knowing market basket and category performance in addition to item lift). Winners also tailor assortment and trade marketing to each customer, allowing them to align investment with performance as well as prevent cross-channel conflict.

- **Require retailer accountability for performance, not just activity.** Winning companies have developed a set of operating routines around trade to continuously improve execution and refine their strategy. All companies have frequent check-ins with customer teams, but winners hold formal performance reviews – with real consequences – on at least a quarterly basis. This review process results in adjustments to the strategy and, at times, a rebalancing of funds among customers to better capture identified opportunities. Similarly, winners conduct post-promotion analysis at least quarterly, focusing on both execution (e.g., displays) and profit. They also impose consequences for overspends – either eliminating or renegotiating future events, withholding incentive pay from the sales force, or even terminating those responsible.

Winners rigorously track promotion events

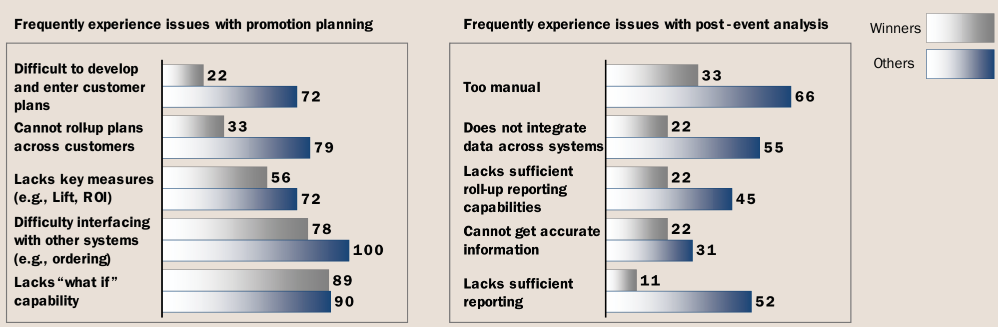


* All commodity volume

Finally, winners embed key skills in both the field and headquarters to analyze trade performance. Customer teams often have detailed, customer-specific insights, but headquarters can provide a holistic industry view across products and customers – and the combination yields more effectively tailored promotions.

- **Build the tools to succeed.** Trade winners build reliable, integrated IT systems that allow them to deliver key information to the organization. Their customer planning solutions include event-level return on investment (ROI) and other key metrics that let customer teams know how the event will perform. Winners have the ability to quickly aggregate customer plans to ensure that they reflect the latest insights into what drives performance (e.g., an audit of promoted price points). Winners have been able to automate their post-event analysis and reporting, built on an integrated data environment across internal and external (e.g., syndicated) data that allows them to perform post-event reviews more frequently, more efficiently, and more accurately.

Winners leverage technology to gain insight into what drives trade performance



SHOPPER MARKETING

Today's leading companies recognize the role of shopper marketing in influencing in-store behavior, improving relationships with retailers, and building brand equity. This year's survey underscores the important yet nascent stage of the shopper marketing function, which the majority of respondents consider their largest capability gap and their top priority investment.

Companies recognize the importance of shopper marketing

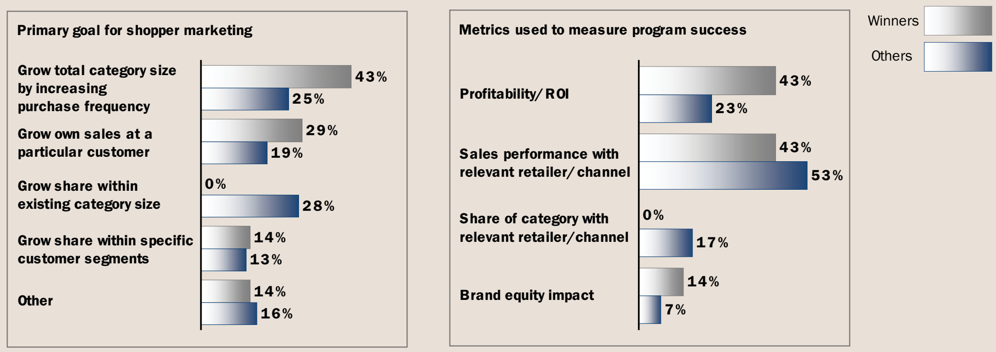
While most companies seem to realize the importance of strong partnerships and collaboration for shopper marketing program development, winning companies go farther. They take a forward-looking view through the use of more sophisticated information sources and tools that can anticipate consumer response, and focus aggressively on sales growth and return on program investment. The survey uncovered three must-do's for success in shopper marketing:

- **Use more sophisticated information sources and tools to test a broader array of ideas and options**. In designing their shopper marketing programs, winners leverage a greater number of information sources across multiple levels (i.e., brand, category, channel, and product). They are also more likely to test their programs using cutting-edge approaches such as virtual simulation to develop a forward-looking perspective on consumer response to promotions. These approaches allow them to test far more ideas and options in a "virtual world" than could be tested with traditional in-store reset pilots. Furthermore, they draw insights not just from developed channels like grocery and mass, but also from fast-growing channels like club and convenience. While others focus on the now, winners are investing in tomorrow.

  Winners also establish a greater number of points of in-store interaction with shoppers, including targeted messages to specific shopper segments, cross-category merchandising, sampling, and on-shelf marketing collateral, among other approaches.

- **Understand and focus on real results for both the company and retailers.** Winning manufacturers aggressively measure their shopper marketing programs' performance, focusing on sales growth and profitability. They also establish broader objectives for their programs, such as growing the entire category versus growing only their brand sales, and enhancing brand equity rather than just hitting short-term financial targets.

Winners prioritize total category growth and aggressively measure performance



In addition, winning CPG companies involve retailers early in the shopper marketing program development process. They work closely with their retail partners to collect and share information, frequently interacting with high-level retail executives. Thanks to this close collaboration, winners get better access to retailers' promotions calendars, more consumer interaction points and larger displays in stores, and more retailer input into their innovation pipeline.

- **Validate the importance of shopper marketing.** Winners are more likely to have dedicated shopper-marketing teams with more than twice the number of FTEs devoted to the function than other survey participants. All winning CPG players – compared to only 37 percent of others – give their shopper marketing teams clear objectives. Winners also tend to involve these teams more heavily throughout the entire shopper marketing program development process.

  Finally, winners view shopper marketing roles as a prime opportunity for top talent, and offer diverse career paths for individuals in these roles – with 50 percent of winners (as opposed to 24 percent of others) promoting shopper-marketing experts to roles outside the department.

DEVELOPING WINNING SALES STRATEGIES: QUESTIONS TO CONSIDER

As in past surveys, many companies excelled in one or two areas, but only a few companies were truly best in class, winning across the broad set of performance areas discussed in this report. Those companies are doing more with less by placing forward-looking bets on winning channels; building fewer, stronger account teams; taking a more scientific and frequent approach to pricing; prioritizing and customizing their trade funds/promotions while holding retailers accountable; and focusing on core capabilities.

We challenge CEOs and senior sales executives – even those of high-performing companies – to learn from these winners and ask themselves a series of questions to drive continued performance improvement.

Sales coverage and execution

- Have we made the tough decisions to allocate resources differently across top customers? Do only our most significant accounts have dedicated teams, reflecting their importance?
- Do our customer teams really vary to reflect the specific needs of individual accounts? Do we have gaps in terms of the level of functional expertise we bring to our most important accounts?
- Have we identified 2-3 customers that will deliver break-out performance in our categories in the next 2-3 years, and invested accordingly?
- Are we ready to capture the potential of the next economic cycle? What will economic recovery mean for our category and what accounts do we need to partner with now?
- Do our sales teams have a strategic and collaborative mindset with their functional counterparts and customers beyond the buyer? Do they effectively rally the organization around customer priorities?
- Are we getting the most out of our retail coverage investment? Do we know which actions in which types of outlets really drive better performance?

Pricing

- Are we having enough of the right kind of pricing conversations with our retail partners, especially in today's environment of volatile commodity and input costs?
- Do we have enough people with an analytical skill set focused on pricing decisions?
- How integrated are pricing decisions across related functions? Do we bring the best capabilities to bear with common objectives? Who is accountable for pricing in our organization?

Trade

- Are our promotions tailored to specific needs of retail partners and to the preferences and promotional response of the consumers that shop there?
- Do we know what we get for our money? Do we regularly analyze promotional events at retailers, and rebalance trade investment from underperforming retailers to our stronger partners?
- Do we hold retailers accountable, and do we have the senior-level conversations with customers that do not execute against their plan?

Shopper marketing

- Do we have a plan to achieve the next level of consumer insight/research and analysis to develop more compelling shopper programs?
- How many conversations have we had in the past six months with our most important retailers about jointly developing a shopper program?
- Are we focused on bottom-line performance in our shopper programs? How are we measuring the trade-offs between investment in shopper programs versus other brand building or promotion events?
- Do we attract top talent to our shopper marketing group(s)? Have we put the brightest talent against shopper marketing, and do we reward high performers with attractive growth opportunities in the organization?
- Do we have a sophisticated set of tools to test a vast array of shopper solutions?

ACKNOWLEDGMENTS

McKinsey & Company, Grocery Manufacturers Association (GMA) and Information Resources, Inc. would like to acknowledge the cooperation and input from the companies that participated in the 2008 Customer and Channel Management Survey. Additionally, we would like to thank the GMA Sales Committee for its sponsorship and support.

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