

ed marra

Focused on getting the best return on investment for Nestlé's \$1.5 billion media budget

When Ed Marra became executive VP in charge of strategic business units and marketing at the world's largest food and beverage company in January, it didn't take him long to make his first moves. It wasn't surprising because he has spent almost his entire career in marketing, sales, and management positions at Nestlé and knows the company well.

Within months, he began a review of the company's \$1.5 billion media account, divided among Mindshare, OMD, Universal McCann, and ZenithOptimedia. A key reason is that he believes one of the most important issues in international marketing today is how to achieve the best return on investment. "That's very top of mind these days," he says, noting that the review was undertaken to determine if Nestlé can better leverage its total media spending.

"Gone are the days when advertising is a percent of sales," Marra says. "You couldn't really measure [results then]. Now it's all about the effectiveness and efficiency of our investment."

Gone too is the complete dominance of television of Nestlé's total budget. Fifteen years ago, television accounted for more than 90%; today, the figure for TV is in the mid-50% on a global basis.

He says the company is doing everything it can to get a handle on costs and efficiencies, from conducting audits on media, using specialists to review the cost of television production, and doing marketing mix modeling to show direct correlations between spending and the return.

"I don't buy that old adage that 'I know half my dollars are wasted, but I don't know which half.' That's not true today anymore." There are a lot more tools and sophisticated measurement techniques coming out, he says.

One area he is very interested in is programming and content. "Without a doubt, in developed markets like the U.S. where there are new techniques like media-on-demand or equipment like TIVO, we've got to get our brands into the

programming so that we're seen. Hopefully, they add value in the process."

Among activities Nestlé is exploring is sponsorship, which Marra admits Nestlé has not been much involved in. "The issue again is we will only look at sponsorship if it's more cost effective and if it fits with our message," he says.

He adds that his ideal sponsorship would be something that reinforces the company's goal of being about good food, good life, and a wellness, added-value marketer. "We need to get a lot smarter at seeing trends and properties earlier [like "Millionaire" and the "Idol" brand shows] because we can take them global. We've got the brands to do that."

In addition to aligning its business with global media specialists, the company also works with designated "aligned" agencies that have offices around the world. These include J.Walter Thompson, McCann Erickson, Lowe, Ogilvy, Publicis, and Dentsu (primarily in Japan and Greater China). Typically, there are one or two lead agencies for each category that handle the work globally and service individual markets through their local offices.

Nestlé is also using its size and scope (US\$65.5 billion in sales from more than 500 factories located in 86 countries distributed in virtually every country in the world) to capitalize on global efficiencies in other ways.

"Our company is quite de-centralized. That has a lot of positives, but it also enabled so many different techniques that it was hard for us look across markets," Marra explains.

Ed Marra says the days when ad spending is based on a percent of sales are gone.



In Japan, Nestlé is using mobile phones and the Internet to connect with its best customers.



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1 材料

● 作り方

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1 材料

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Women frequently access the company's popular recipe site during the day as they plan their dinner menus and stop by the grocery store on the way home.

One major step is much more global consumer research to identify commonalities across countries and regions. "That opens up opportunities. With our strong local presence, we also know the differences so we don't make huge mistakes of trying to impose say an American idea on a Japanese culture."

Marra says there is also a lot more focus on the product itself and its efficacy. "We must have preference," he says. "We call it 60-40 on a blind basis. Today what we're pushing is 60-40-plus which means it's not enough to say the product has a superior taste, it has to have superior nutritional composition.

You'll see that finding its way more into our communications."

And like many global food companies, Nestlé is concerned about obesity globally. "We are playing a huge role..., working closely with the World Health Organization... reviewing nutritional on all our major products. It's a huge job and we're trying to do it in order of importance and priority."

In the area of new media, he is very pleased with some of the work Nestlé has done with CRM (customer relationship management). "There are some fantastic programs in the U.S. and Japan. We're pushing our marketing people to

better understand which are our most valuable customers. You quickly see the 80-20 rule, that 20% of households and sometimes way lower account for 80% of the volume and sometimes 120% of profitability."

As a result, Nestlé is communicating more with its best customers directly on the Internet and in Japan on cell phones. "It's very efficient," Marra says. Plus, "it's two-way marketing because it gives us the opportunity to learn. While we're sending our message, we're getting communication back."

Nestlé has also formalized a set of principles that guide its advertising and other communications. "It's clear that companies are judged by consumers, groups, government, and everyone; it's not just your product or your advertising but your total company behavior. ... There are certain kinds of advertising we will not do and programming we won't sponsor."

He's quick to say that Nestlé has always had principles, but they have varied from market to market and reflect different cultures. "We do sometimes get into debates with what is normal in France might not be so normal in the U.S. Now we're saying we're going to define what we think is right in terms of values and apply that globally."

For him, one of the most exciting aspects of the job is interacting with people around the world. "There is so much learning and so many ideas that we can bring to all markets that I think the potential for growth and innovation is going to be high. It will always be led by the consumer and strongly based on good consumer insight coming from solid research." ●