

MARKETING EXCELLENCE 2

ICI Paints

Benefiting from a full marketing makeover



MARKETING
SOCIETY

AWARDS FOR
EXCELLENCE

in association with
Marketing

About The Marketing Society



INSPIRING BOLDER MARKETING LEADERSHIP

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

www.marketing-society.org.uk

Foreword

By Roisin Donnelly,
President of The Marketing Society

What is marketing excellence?



Roisin Donnelly
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Director and Head of
Marketing at Procter &
Gamble UK and Ireland

Marketing excellence can drive breakthrough business results for the short and long term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess *marketing* excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with *Marketing* set the standard of marketing excellence in the UK. They have established this reputation over a period of

more than 25 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

ICI Paints

Benefiting from a full marketing makeover

Snapshot

A complete reorganisation of marketing capabilities helped ICI Paints become a global leader in decorative paints.

Key insights

- With the arrival of a new chief executive in 2004 ICI Paints was determined to re-orient itself to become a more brand-led, customer-centric company.
- It achieved this through a comprehensive global marketing capability project developed with the full commitment of the marketing leadership team.
- The results were boosts in both revenues and market share by December 2007.

Summary

ICI Paints was bought by AkzoNobel, one of the world's leading industrial companies, in 2008. The combined business is the world's leading global coatings manufacturer and the number one in decorative paints and performance coatings, as well as being a major worldwide supplier of specialty chemicals.

ICI Paints had traditionally been a product-driven paints manufacturing company and had grown organically through a strong brand presence in a limited number of markets and through various local acquisitions. In 2003, however, the business was slowing down, with the share of its leading paints brand, Dulux, declining in several key markets. At this stage, it was not clear where future growth could come from.

In 2004, a newly appointed chief executive, David Hamill, outlined an ambitious growth agenda for the company to grow sales revenue by at least 4% per annum over the next three years with an incrementally higher rate of profit than rate of sales.

By December 2007 ICI Paints was the global leader in decorative paints, having achieved a compound annual growth rate (CAGR) in excess of 5% between 2004 and 2007, compared to an average 3% CAGR over the previous three years. Central to success was a global marketing capability initiative that was supported and endorsed by a committed marketing leadership team.

Taking stock

In 2003 ICI Paints was a product-driven paints manufacturing business characterised by low rates of growth that depended as much on the growth in key markets than the performance of its brands.

While some of the brands had carved out powerful and distinct positions in their marketplaces, many more were poorly differentiated. The lack of a brand portfolio strategy meant that the available resources were spread too thinly, with many brands inadequately supported.

The company had isolated marketing tools and processes that were applied with varying degrees of skill around the world. Some pockets of excellence existed, but with limited transfer of best practice they remained isolated success stories. At the heart of the issue was the lack of both a common strategic marketing framework that would provide focus and clarity of direction and a capability agenda that would drive the performance of the marketing function.

With a number of leading brands starting to lose share, the business was looking increasingly vulnerable to any decline in the decorative paint markets worldwide.

Setting out the strategic vision

With the arrival of a new chief executive, David Hamill, in 2004, came the recognition that marketing needed to play a more strategic role in transforming the business into a brand-led, customer-centric organisation, and one that could achieve sales revenue growth of at least 4% per annum.

A new marketing vision was articulated: 'Lead the business in delivering sustainable, profitable top-line

growth through developing world-class marketing capabilities and performance globally'.

The marketing function aimed to be a source of competitive advantage for the company. For this ambition to be realised, ICI Paints needed to create fewer, bigger, stronger brands with wider distribution. This was an aspiration which, in turn, relied on a more capable, professional, accountable and engaged marketing function.

With a clearly-articulated ambition and challenging business objectives, the company set out to develop a transformational marketing capability agenda that involved:

- Re-orienting the organisation for the future by building a strong global marketing leadership team that could drive the overall business agenda.
- Developing the ICI Way of Marketing by identifying best practice where it existed and establishing a common approach to marketing.
- Planning the marketing capability change initiative by prioritising capability development needs and planning a global process, skill and culture development programme to foster marketing excellence.
- Tackling key strategic business issues by defining a clear brand portfolio strategy focused on building fewer, stronger brands and providing clear direction to the rest of the business.
- Developing operational marketing excellence by delivering a superior brand experience for all customers and consumers.

Re-orienting the organisation for the future

David Hamill recognised that having a strong marketing leadership team would be critical for shaping a winning marketing strategy and meeting the business objectives. He appointed Kerris Bright

as chief marketing officer, who then created a marketing leadership team that comprised both the regional marketing heads from the six operating units and a number of functional leaders in key marketing disciplines (insight, innovation etc).

This powerful team formed the first marketing governance body for key strategic decisions as well as the marketing capability initiative that was to follow. They aimed to ensure that best practice would be co-developed, deployed and refreshed across the organisation.

Following that, the Advance Marketing Academy, led by Karen Jeffery, was established to plan, develop and execute the marketing capability transformation programme. Working in conjunction with the marketing leadership team to ensure alignment of key stakeholders, the Academy was also supported by regional programme co-ordinators who could ensure global applicability of a common ICI way of marketing.

Brand Learning were appointed as the marketing capability consultancy partner to ensure that the company was tapping into external best practice and expertise.

Planning for marketing capability change

The central challenge was to create a step change in the marketing capability to make marketing a key source of competitive advantage. Only then would the marketing community be able to deliver the strategic direction and executional excellence required to revitalise business performance.

The first task was to create a common marketing capability framework that would define the key skill areas that were required for marketing excellence.

This was translated into a robust process capability audit tool (PCAT) which articulated what world-class marketing processes looked like in order to develop a shared vision for excellence. This tool allowed the business to score performance on a 10-step maturity scale against world-class performance in a number of key elements.

When the self assessments were undertaken for the first time in 2004/05, they produced an aggregated average level of just 3/10. While disappointing, this finding was not altogether surprising and it enabled the company to set an ambitious goal to raise the score to 7/10 by 2010 (Figure 1).

Crucially, the PCAT enabled the company to prioritise the capability gaps within the marketing function. A key implication of the first audit was the recognition that there was an urgent need to address the relative weakness in strategic marketing skills such as insight, market strategy and planning and brand equity development. These skill areas became the first area of focus in the capability programme that ensued (Table 1).

Table 1

2004/2005	UK	Asia	North America	Latin America
Insight	3.5	3.5	3	3
Marketing strategy and planning	3	3.5	2.5	2
Brand equity development	4	3.7	2.5	3

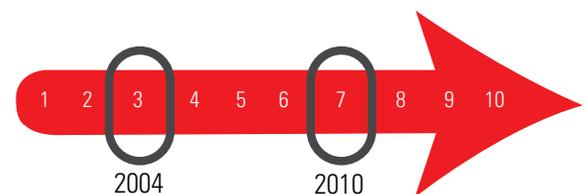


Figure 1

Having identified the key capability gaps using PCAT, what was then required was a means of addressing them in a way that clearly linked to business priorities. This led to the development of a marketing capability programme strategy and plan with the input and endorsement of the marketing leadership team. (See 'Getting the right ingredients in place').

Getting the right ingredients in place

The key elements of the marketing capability programme strategy and plan were:

- Modules focused on strategic marketing capabilities in the first phase (2004-5) and operational marketing capabilities in the second phase (2006-7).
- A live-action learning approach to apply learning to real business issues. This required senior marketers to acquire and apply the skills to develop a brand portfolio strategy for their market via a series of facilitated workshops.
- Tailored content to build senior leadership skills as well as middle/junior professional skills.
- Tailored content to reflect business-to-business (B2B) and business-to-consumers (B2C) business needs.
- The development and deployment of ICI trainers to embed the ICI Way of Marketing.
- The creation of Advance Lite programmes for general managers and other functions to foster a customer-centric culture within the organisation.

Developing the ICI Way of Marketing

This would be a way to provide a common language for marketers within ICI, and also to embed an integrated, best-practice way of working throughout the company. It sought to combine best practice from within the organisation with external, world-class marketing thinking. A simple set of processes and tools were developed, with active involvement from senior marketers and leading practitioners to ensure their engagement and commitment.

Delivering the programme to the organisation started with high-impact leadership workshops designed to engage and align the marketing directors across the world. This was quickly followed by an extensive roll-out plan to the professional level. The roll-out was also supported online with a toolkit that provided easy access to latest thinking.

A critical factor in the success of the programme was that it was used to address directly the burning strategic issues facing the business through the creation of, and alignment to, a common language and common thinking framework. The most urgent priority was the development of a global brand portfolio strategy for each of the six operating regions.

A live-action learning programme was developed to put capability-building for key teams on a fast track. The teams learned about the associated tools and processes (from the creation of a need-state segmentation to the development of market maps and implementation plans) and then applied them to their own region. Over a period of six months each region was able to determine which brands it needed to build and how these should be positioned in the marketplace.

Figure 2 shows the 2005 identification of the company's global segments. This process enabled ICI Paints to begin focusing the portfolio to concentrate resources behind building fewer, more powerful brands. For example, in Poland the media budget, which had been shared previously across both Dulux and the locally acquired brands Pillak and Ekonowinka, was now concentrated entirely behind Dulux.

Branding renaissance

By early 2006, brand positionings had been developed for all master brands within the ICI Portfolio.

The use of a common tool to express these positionings enabled the company to identify key areas of overlap, both in how a master brand such as Dulux was positioned in different areas of the world, and also among other brands that were targeting the

same segments. Synergistic positionings for Dulux and other leading brands began to be created in order to fuel higher levels of growth and to realise other associated cost benefits across the marketing mix.

Having improved the strategic marketing capabilities in order to develop brand portfolio strategies, the next priority for ICI Paints was to translate the positionings of the master brands across the marketing mix successfully. The PCAT revealed that brand communication and activation was a key area of focus — in particular, the creation of big ideas that would be brought to life through integrated media plans.

In the UK an award-winning integrated campaign — 'We know the colours that go' — was developed and translated across multiple channels (e.g. TV, online, and public relations). This campaign resulted in the highest-ever level of people spontaneously recalling a Dulux ad and also dramatically improved the brand's health (See Chapter 6). For example, the proportion of people claiming that 'Dulux is an expert at putting colours together' increased by 21% in one year alone. Moreover, given that the core end-user insight behind the campaign held true in other parts of the world, the campaign was rolled out to other markets like Ireland and Poland.

Transforming the business

The impact of this marketing transformation on ICI's business performance was very significant. The company achieved the challenging stretching commercial targets set in 2004 with revenue growth of over 5% p.a. while increasing the profit-to-sales ratio (Figures 3 and 4 overleaf). Underpinning this performance were significant improvements in brand advocacy across the world — one of the key drivers of the turnaround in market share performance.

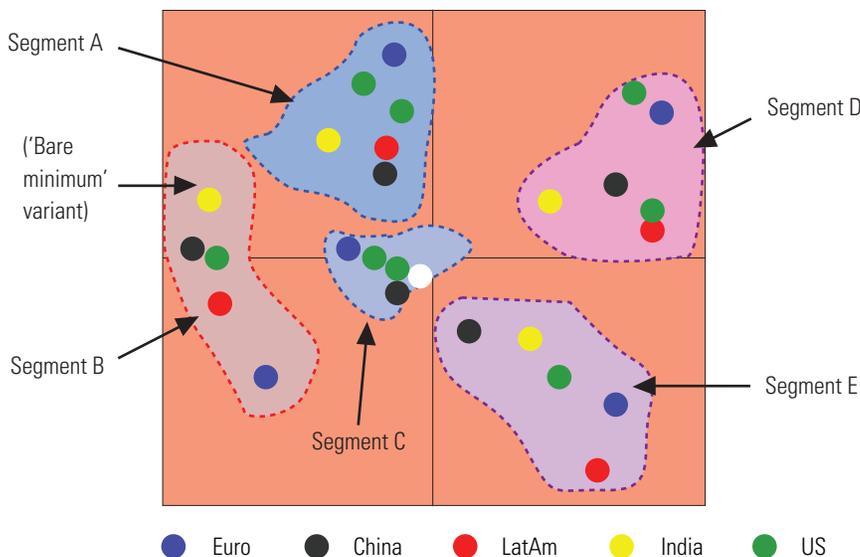


Figure 2. Identifying global segments

The latest PCAT results in 2007, which had moved up to between five and six from three in 2004, demonstrated the strong progress the company had made towards its vision for 2010 to achieve a score of seven (Figure 5). This was thanks to the significant improvements in the discipline and rigour of the marketing activities.

A further significant benefit of the initiative was a positive impact on recruitment, motivation and retention in the marketing community. For example, in Asia, 44% of marketing vacancies were filled internally in 2007 compared to 0% in 2005. In the annual UK survey to assess employee engagement, the grand mean score for the 90-strong marketing community improved significantly from 3.59 to 3.87 between 2006 and 2007.

Key lessons

Some of the key lessons from the company's experience included:

- Investment in marketing capabilities can have a significant impact on marketing and business performance.
- The leadership of the company must be fully involved to drive through the necessary changes in behaviour.
- Things don't happen overnight. A sustained commitment to change over the long term is needed.
- Linking learning to real-life business issues can 'turbo-charge' performance on the job.
- Focusing on fewer, stronger brands can transform business performance.

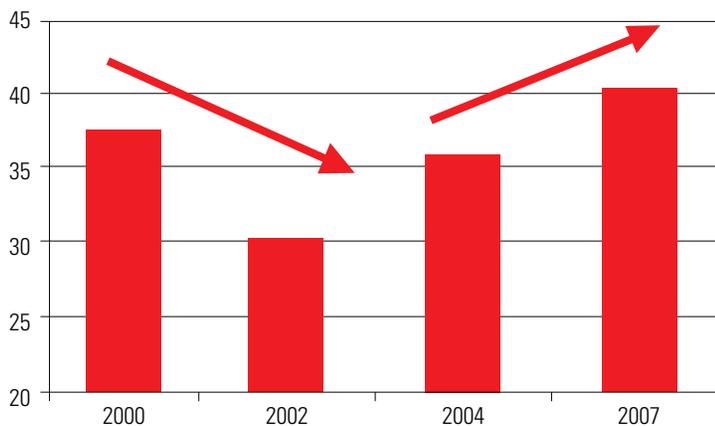


Figure 3. Share by value RSP (retail sales price)

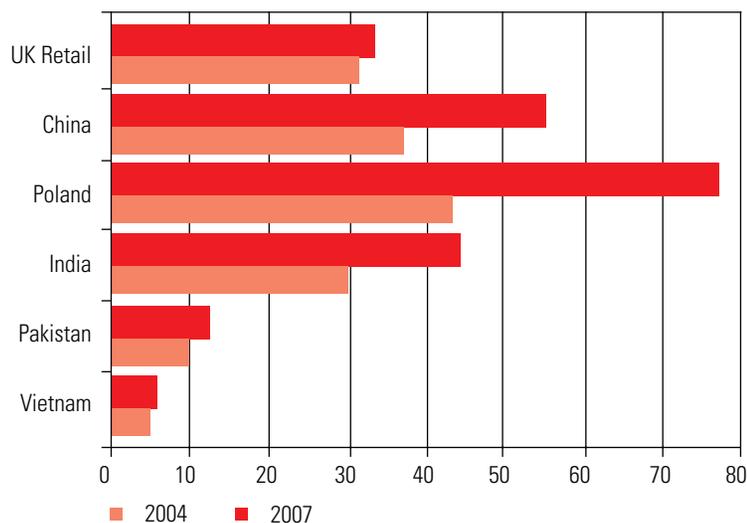


Figure 4. Dulux volume market share by country 2004-2006 % growth

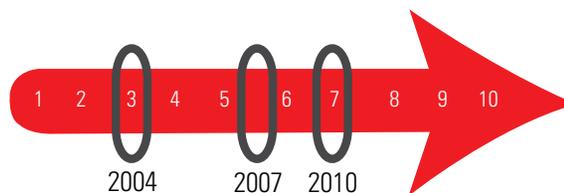


Figure 5

Sponsors

Aviva - 300 Years of Insight

We're the world's sixth-largest insurance group and the biggest in the UK, with 46,000 employees that everyday serve 53 million customers worldwide.

We are committed to delivering one distinctive experience for our customers. Wherever they are, we want them each to feel that "no one recognises me like Aviva". Our global consumer research reveals that most of our competitors are particularly bad at recognising people's individual significance. This research also tells us that small human touches can make a huge difference to a customer's experience. Our aim is to make recognition the familiar quality that distinguishes Aviva from our competitors - just as Apple means user-friendliness and FedEx means reliability.

BT operates in over 170 countries and is one of the world's leading communications services companies. BT is a major supplier of networked IT services to government departments and multinational companies. It's the UK's largest communications service provider to consumer and business markets and is made up primarily of four customer-facing lines of business: BT Retail, BT Global Services, Openreach, and BT Wholesale.

BT operates in a thriving, multi-trillion pound industry that spans the whole world. In recent years the global communications market has been focused on convergence, whereby the boundaries between telcos, IT companies, software businesses, hardware manufacturers and broadcasters have become intertwined to create a new communications industry.

BT has evolved from being a supplier of telephony services to become a



"We know insurance isn't just about policies' and pensions; it's about people. That's why we're making our customers the big picture, putting a spotlight on them and our people. Putting customers at the heart of everything not only makes sense for them, it makes good commercial sense too." (Amanda Mackenzie, Aviva's chief marketing and communications officer)

We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Philips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

MARKETING EXCELLENCE 2

“A treasure trove of examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, it should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

Professor Patrick Barwise, London Business School, Chairman of Which?

“This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

It contains 34 fascinating case studies, selected from hundreds of high quality entries to The Marketing Society Awards for Excellence. Those involved had the determination to win, and the courage to think differently. An inspiring read.”

Professor Hugh Davidson, Co-Founder, Oxford Strategic Marketing

“This is the textbook, the toolkit and the manual for marketing excellence.”

Cilla Snowball, Chairman, AMV BBDO

“These cases are a great source to stimulate your thinking. Some will stimulate new thoughts, some will unlock ideas from the back of your memory. All of them however are great fuel for growth.”

Keith Weed, Chief Marketing and Communication Officer, Unilever

Featuring 34 award-winning case studies from some of the world’s leading brands:

Sky+ BT Business NHS Blood and Transplant Magners Change4Life allii O2 Waitrose KFC McDonald’s Hovis British Gas Audi Marks & Spencer Virgin Atlantic Dulux Sainsbury’s Pedigree Thinkbox Harlequins More Th>n UPS Walkers Aviva ebookers Shell ICI Paints Channel 4 British Heart Foundation Keep Britain Tidy Ariel

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