

How Hill's Pet Nutrition Used Commercial Analytics to Achieve Explosive Growth in a Dynamic Market

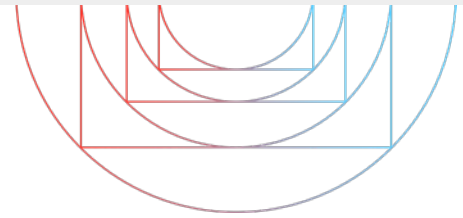
Goal

The pet food category has grown significantly over the past few years. During COVID, lockdowns and home office regulations encouraged more people to be home, which led to a record number of pet owners in the U.S.

In 2020, pet ownership in the U.S. rose to 70% of households, with an 11% increase in pet food spending.

Even with uncertain economic conditions ahead, pet food category sales are expected to grow over the next three years.

Paired with the rise in direct-to-consumer and ecommerce sales, Hill's Pet Nutrition had a huge opportunity for growth. Hill's Pet Nutrition wanted to take advantage of this opportunity to optimize their media investment to capture short-term sales and continue to grow their brand in the long-term. The critical question Hill's Pet wanted to answer was: How high is too high to invest in media to drive exponential growth?



SNAPSHOT

Goal

Pet ownership and pet food spending was rising, and Hill's Pet wanted to take advantage of this opportunity to optimize their media investments to drive growth.

Strategy

- Expand key business drivers
- Increase measurement cadence
- Optimize for multiple KPIs
- Expand stakeholder engagement

Solutions

- Commercial Analytics
- Commercial Analytics Live
- Operational Analytics

Results

- Increased media investment YOY
- Doubled household penetration
- 114% exponential growth of ROI in 7 years

Strategy

Hill's Pet Nutrition used four strategies to achieve its goal of double-digit sales growth in the next three years:

- 01. Expand Key Business Drivers:** Expand analyses to incorporate market demand, pricing and distribution, and other external factors into planning to increase the accuracy of forecasting models. Adding in external factors impacting Hill's Pet's Nutrition business to its marketing measurement program was crucial as assumptions about the market today might not hold true next month.
- 02. Increase Measurement Cadence:** Increase measurement cadence to support cross-functional stakeholders with the insights needed to make the right investment decisions. Having deep dives to share ahead of budget planning, mid-year reviews, and weekly team meetings were critical in collecting the evidence to support existing campaigns and media executions.
- 03. Optimize for Multiple KPIs:** Build plans that optimize multiple business goals including increasing household penetration. Since consumer loyalty is high, Hill's Pet Nutrition proved that getting in the door of pet owners drives short- and long-term success.
- 04. Expand Stakeholder Engagement:** Get all media, marketing, finance, agency, and executive stakeholders involved in the analytics program. Analytic insights alone don't have an impact on business performance. It was imperative to align multiple layers of leadership on the goal of the program, its insights, and outcomes, so that the company could make decisions to drive growth.

Solution

Commercial Analytics | Live | Operational Analytics

Together with Analytic Partners, Hill's Pet Nutrition built out its commercial analytics program, which included building a roadmap to double sales in three years. A major component of its commercial analytics program was incorporating all controllable and uncontrollable factors: pricing, distribution, category demand, professional programs with veterinarians, ecommerce, promotions, etc. – all with the customer at the center to allow for a holistic view of its business.

Hill's Pet Nutrition used the predictive powers of Analytic Partners' technology platform, GPS-Enterprise, to simulate forecasts for the next 3-5 years and evaluate optimal media spend strategies to increase sales by twofold.

To accurately forecast market changes, it built scenarios with low, medium and high base growth potential of the category, and included market trends and category development assumptions (including category demand, pet adoption rates, supply/distribution and price changes, media costs, media spend and media performance). Media spend iterations reflected 'what-if'

scenarios for different advertising-to-sales ratios using ROI Genome benchmarks. ROI Genome benchmarks in GPS-E were especially helpful because it provided benchmarks beyond the four walls of Hill's Pet Nutrition. It provides collective intelligence from over 750 brands, 45 countries, and hundreds of billions in spend across industries to uncover tactics, channels, and strategies that drive ROI and performance. This was essential to develop more accurate forecasts to get buy-in from stakeholders and increase media budgets.

Hill's Pet Nutrition increased the speed of measurement with Analytic Partners' Commercial Analytics Live, a monthly measurement cadence. Historically, Hill's Pet Nutrition focused on a bi-annual measurement cadence, but this proved to be too slow to make changes mid-month to achieve goals. The increased cadence empowered the company to utilize scenario planning to adapt to market shifts monthly, assess if additional media investment was necessary, and manage the risk of decreasing ROIs. Having these deep dives to share ahead of budget planning and the mid-year review was pivotal in collecting the evidence to support existing media executions.

With commercial analytics as the foundation, Hill's Pet Nutrition embraced operational analytics for a more robust view of how to drive business growth. Using operational analytics, they identified inventory constraints that were limiting growth. To reduce this constraint, Hill's Pet Nutrition recognized the need for additional manufacturing facilities to increase supply and capacity levels and serve growing pet owner demand. In looking at long-term growth, Analytic Partners built future-looking forecasts (3 years out) that also incorporated client planned supply/distribution and price changes.

To capture the impact of household penetration, Hill's Pet Nutrition worked with Analytic Partners on a semi-annual household penetration analysis to measure the short- and long-term incremental impact of marketing. After countless discussions on placing bigger bets on TV, the household penetration analysis provided evidence, quantifying the impact of increased spending on upper-funnel, broad reach tactics.

It proved investing in TV could expand consumer reach, drive synergies to lower funnel tactics, and build long-term brand health.

Results

Media Investment Increased YOY

Rather than blindly increasing media spend, Hill's Pet Nutrition partnered with Analytic Partners to launch a commercial analytics program to measure the impact of all business activities. The program identified growth levers to scale media investments, while maintaining marketing efficiency and effectiveness. As a result, Hill's Pet Nutrition significantly and consistently increased ROI by 114% over a five-year period. The company also increased household penetration by 2x.

Most importantly, its commercial analytics program empowered the Hill's Pet Nutrition marketing team to increase analytic adoption and prove marketing's contribution to overall growth.

The increased frequency of commercial analytics live empowered

Doubled Household Penetration

Hill's Pet Nutrition to develop more robust media plans and pivot quickly. It brought together more than 40 cross-functional stakeholders across the brand teams, retailer teams, channel owner teams, analytics group, finance and the media agency, to participate in monthly working sessions to review the latest results and align on next steps.

This new format significantly impacted ROI and sales growth, which were shared with the global corporate group at Colgate-Palmolive. Hill's Nutrition's marketing team successfully made the case to finance and executive teams to increase media investments to help achieve the goal of doubling net sales by 2025 – and beyond.

Grew ROI Exponentially by 114% in 7 Years

Ready to use data and decisioning to drive commercial growth?

Contact us at info@analyticpartners.com.