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The Growth Challenge of the 21st Century

Principle One: Utility is relevance.

The U.S. consumer's appetite for spicier food has been on a steady upswing at least since 2004, according to some industry reports. Between 2004 and 2009 alone, sales of spices and seasonings grew by 30 percent.[1] Younger generations in particular are expected to sustain an increasing preference for spicier, more adventurous cooking and dining. A 2012 report by *Food Technology* magazine showed that in the previous two years, the preference for spicy foods had grown 9 percent among Americans ages 25 to 34 and 13 percent among those ages 35 to 44.[2]

All these trends should register as great news for Maryland-based McCormick and Company. McCormick's brands occupy more than 45 percent of the U.S. spice and seasoning market, dwarfing its nearest competitors, and it dominates the category in grocery stores and supermarkets throughout the country.

There remains plenty of room for growth in the size of the overall market, too, as surveys say that fully half of all the steak and chicken cooked in U.S. kitchens is seasoned with only salt and pepper or with no seasoning at all.[3]

Other trends, however, pose some challenges for McCormick's future domestic sales. Since the 2009 recession, consumers have become more price conscious and less brand loyal than ever before. The rising desire for spicy foods might not benefit McCormick at all if penny-pinching consumers prefer to fill their pantries with cheaper spices sold under generic and store-brand labels.

Competition from bargain-priced store brands is a problem for all the top U.S. food brands, from Campbell's to Skippy. In order to preserve market share, most major brands rely on coupons, temporary price reductions, and all sorts of marketing promotions to persuade consumers to pay a little more for superior taste and quality. But McCormick faces a peculiar obstacle in this regard. For most food brands, it is only one simple step from purchase to consumption, so the primary message of most food marketing is very simple. It tries to inspire the consumer to buy the product.

The consumer's relationship with spices and seasonings, by contrast, is fairly indirect. Spices are not impulse buys, like bottles of soda or packs of chewing gum. McCormick marketers, before they have any chance of inspiring you to buy the product, need to inspire you to *prepare a meal*. The enjoyment of McCormick products requires a whole series of preliminary steps—deciding to cook, choosing a recipe, assembling ingredients. This is the "flavor lifecycle," as it's called within McCormick. A recipe or a meal idea that is promoted by McCormick begins the cycle. Next you need to follow through with planning the meal and putting McCormick products on your shopping list. Then there's the shopping trip and subsequent meal preparation—all necessary stages in the cycle before you and your family can finally enjoy the flavor of some new or different product from McCormick.

Because of the flavor lifecycle, McCormick marketing materials have typically highlighted simple recipes accompanied by vivid images of mouth-watering meals. The distribution and promotion of recipes is such an essential element of McCormick marketing that the company relies on a sophisticated sensory and culinary team in suburban Baltimore to generate new recipes to accommodate the evolving American palate. Information-rich marketing of this kind is ideal for the digital age, and McCormick has aggressively shifted its marketing mix accordingly. McCormick's social network hub for backyard barbequers, the Grillerhood, has drawn more than one million fans to its Facebook page. Digital marketing, which had consumed just 4 percent of the company's marketing budget in 2010, tripled its budget share to 12 percent in 2012.[4]

Now that McCormick recipes and their accompanying promotions are easier than ever before to distribute through social media, McCormick faces a new problem characteristic of the digital age: how to be heard above all the noise. The Internet is exploding with recipes, including those contributed by major cookbook publishers, cooking magazine websites, celebrity chefs, and cable TV channels. The number-one recipe website, Allrecipes.com, is one of the top 50 sites in U.S. Internet traffic, with 30 million unique visitors per month.[5] The website claims to offer more than one million recipes, which amounts to more than 40 lifetimes' worth of meals.

Whenever you face a bewildering number of choices—or even a half-dozen choices—the natural questions that arise are, "Which of these choices are any good?" and "Which one would I like best?" Recipe sites are cluttered with "thumbs-up" recommendations and special lists of "Top Recipes" and "Most Popular Recipes" and "Top 10 Searches." But popularity rankings and recommendations from anonymous strangers aren't always reliable in matters of personal taste. And even if you were to trust all those

lists and recommendations, how then do you choose from among a half-dozen highly recommended, five-star-rated recipes, each supported by scores of glowing reviews and hundreds of raised thumbs?

A digital tool might offer a solution. Internet giants Amazon and Netflix have come to dominate their respective categories in books and movies by developing recommendation engines that offer their members suggested selections tailored to their members' individual tastes. By analyzing your purchase history, the algorithmic formulas that drive these recommendation engines can predict your preferences with a very high degree of certainty. If McCormick could develop a similarly personalized search resource for recipes, the company would have an invaluable tool for differentiating its recipes from those of all the other recipe sites. The company might also become something more than just another food brand in the minds of its customers. McCormick could be known as the Amazon of recipes, the Netflix of flavor.

Your FlavorPrint, Like Your Fingerprint

Every successful Functional Integration effort has daily utility as a core objective. Nike provides daily utility for its 21 million Nike+ members through its ecosystem of running devices and services. It's no coincidence that the three most fully functionally integrated companies—Amazon, Apple, and Google—are all makers of mobile devices, because mobile devices are a vital medium for providing daily utility within each of their respective ecosystems.

Functionally integrated ecosystems develop strong customer followings because they offer digital services that are useful and meaningful in their user's everyday lives. Services such as iTunes and Nike+ provide personalized customizable tools that provide users with direct, tangible benefits. Functional Integration drives long-term profitability only to the extent that it enables companies

to build long-term relationships by offering such tools as entry points to their ecosystems.

A functionally integrated digital service is emphatically *not* a marketing campaign. Interactive marketing is more likely to offer entertainment, discussion, special offers, and little else. Although such efforts may succeed in achieving short-term purposes as marketing tools, they lack the essential utility, long-term vision, and commitment that exemplify functionally integrated digital services.

We began this chapter with the example of McCormick in order to show how a successful horizontally integrated company can draw on that success in taking the first important step down the path to Functional Integration. The simplicity and focus of McCormick's development of a digital recipe search tool is notable because in many respects, it resembles the first such efforts by all the big players in Functional Integration.

Apple's iTunes began in 2001 as an attractive, unpretentious library for organizing your personal collection of digital music. It didn't make any money for Apple when it launched because Apple didn't begin selling digital music through iTunes until 2003. Nike+ had a similar start as a free website that allowed runners to manually record their daily runs. Google began as nothing more than the most useful and reliable search tool on the web. Amazon started out as a user-friendly online bookseller.

Each of these fairly modest and free digital offerings provided handy, reliable tools that expressed the authentic relevance of the brand to each customer in highly personal ways. It was this specific quality of relevance through utility that set each company on its own particular course toward what are now very profitable functionally integrated ecosystems of digital products and services.

For McCormick to move in this direction of daily utility, it was important to take stock of the company's unique position in the food industry. Beyond the spices and seasonings sold with

the McCormick label, McCormick and Company makes and distributes products under dozens of brand names around the world, including Lawry's, Zatarain's, Kamis, Schwartz, and Ducros. McCormick is also a global leader in providing flavoring products to fast-food companies, foodservice businesses, and other food industry members. CEO Alan Wilson once told analysts, "we believe no matter where or what you eat each day, you're likely to enjoy something that's flavored by McCormick."[6] As a result, within McCormick and Company there is a depth of knowledge about the sensory science of flavors that ranks second to none.

Deep expertise of this kind can be an invaluable asset when it comes to developing Functional Integration strategies. Back in 2004, researchers at Nike with a sophisticated grasp of the science of running were crucial to the successful development of Nike+. They were aware of studies establishing a relationship between running speed and the measure of milliseconds that the runner's foot remains on the ground in midstride. That insight, and the science related to it, led to the development of the Nike+ iPod shoe sensor.

McCormick's staff has food science capabilities just as impressive as the running science capabilities inside Nike. How could McCormick use a small fraction of that knowledge to develop a personalized tool that would make McCormick an indispensable resource for anyone in search of the perfect recipe?

When McCormick and R/GA began to work together on this question, it was necessary to appreciate that most consumers understand very little about flavor. We all love tasty foods, of course, but the vast majority of us lack the vocabulary to describe the tastes we enjoy most. So when we seek out a recipe or select an entrée in a restaurant, we're more likely to sort our choices according to the main ingredient. "I think I'll make chicken tonight," or "The salmon special sounds good." Then we hope we'll enjoy the flavor when the chicken is done or the salmon arrives.

Flavors remain a mystery to most of us because our sense of taste is a very complex matter. Sugar is sweet and lemons are sour, but what is a tomato? The flavor of each tomato is a delicate balance of sugar, acid, and about 400 volatile aromatic chemicals, only a dozen of which are detectable by the human nose.[7] Put a tomato in a stew with chicken, carrots, celery, onion, and a half-dozen spices, and how would you describe the dish? You'd say it's chicken stew. You'd identify it by its main ingredient, because its unique flavor, distinct from hundreds of other chicken stew recipes, defies your description.

McCormick knows from its consumer research that our lack of knowledge about our own palates tends to get us stuck in "food ruts." We become familiar with a few dishes we know we like, and we stay with them. A busy mom with a family of picky eaters is relieved when she can identify a handful of reliable dishes that everyone likes. Those dishes become her go-to recipes for peace and harmony at the dinner table. Why take a chance on some great-looking new recipe you discovered today online? The recipe might have earned a hundred recommendations, but if the kids don't like it, you'll just end up having to cook twice that night.

But what if you knew enough about your flavor preferences (or the preferences of the family's pickiest eater) that you could identify a new and different recipe that promised a 95 percent chance of success? With the risk of failure reduced, you might be tempted to try something that looks a little strange or exotic, perhaps even a dish you always assumed you wouldn't like. That's the goal of the McCormick digital service called FlavorPrint.

Similar to your fingerprint, your FlavorPrint is your unique identifying marker. It is a handy profile of the flavors you like best and the ones you'd rather avoid. When matched in an automated search with recipes on McCormick's various websites, FlavorPrint gives you more than just new ideas. Its recommendations give you the confidence that taking a risk on a new recipe will

be rewarded. FlavorPrint is a tool for easing you out of your food rut.

To begin the FlavorPrint project, McCormick and R/GA personnel needed to examine McCormick's vast storehouse of flavor knowledge and decide how much of it would be relevant to the everyday cook. Food scientists will tell you that we can sense over 3,000 different flavors, but that number is far too unwieldy for the kind of database that would drive the FlavorPrint recommendation engine. So McCormick's experts were able to develop for FlavorPrint a more manageable flavor portfolio of 33 primary, determinative flavors. Your range of preferences on the basis of these 33 flavors is what gives you your unique FlavorPrint. They include some of the basic tastes, such as salty, sweet, and bitter, along with more subtle flavors: floral, herby, woody, and licorice.

Although FlavorPrint's conception had been inspired by the examples of Amazon and Netflix, the actual underlying architecture of those two recommendation engines isn't useful at all in determining food preferences. Amazon and Netflix rely on a computer data technique known as "collaborative filtering." In a kind of "birds of a feather" sorting process, Amazon and Netflix match your choice patterns with those of members with similar patterns in order to deduce what other books and movies you will probably like. But the food-tasting aesthetic does not lend itself to the collaborative filtering process. The fact that two people share a love of both tomatoes and licorice, for instance, will not help you predict their mutual like or dislike of a dish heavily flavored with cilantro.

So instead the FlavorPrint team pursued a process similar to that of the Music Genome Project, the type of digital engine that powers the music site Pandora. Pandora develops playlists for its various channels (named after prominent artists ranging from Bob Dylan to Lady Gaga) by analyzing songs in a way that breaks down each track into its component parts—rhythm, timbre, dynamic range, and more than 300 other criteria. Then, songs

that match the distinct digital fingerprint closest to that of, say, Lady Gaga's music, would be assigned to play on the Lady Gaga channel. Rather than use the more common music genre labels (which involve fairly crude and subjective judgments, akin to grouping recipes according to their main ingredients), this kind of computer analysis assesses how the various elements of music interact to create a song's distinctive sonic effect. It turns out that the mélange of sounds that make up a piece of recorded music is not so different from the mélange of flavors that produce a delicious and satisfying dish.

An optometry exam determines your eyeglass prescription after you've looked through a set series of lenses and given feedback on your view through each lens. FlavorPrint determines your flavor profile through a similar process. After you register with FlavorPrint, the website displays a series of food items and prompts you to give each one a thumbs-up or thumbs-down. The process takes about three minutes, after which you receive a FlavorPrint assessment of your three favorite defining flavors, which might be, for example, Tomatoey, Herby, and Garlic Onionish. A graphic plots all 33 possible flavors as spokes on a color wheel, with each spoke sized to reflect your level of preference for that flavor.

After that, the FlavorPrint page offers you a set of recipes especially matched to your FlavorPrint profile. An analysis of recipe ingredients allows each recipe to be similarly FlavorPrinted with a color wheel of its own, so you can tell at a glance how each recipe's featured flavors match your own preferences. The recipe is also accompanied by FlavorPrint's algorithmic reliability estimations, expressed as percentages. Then, if you want to take a little more time to make your FlavorPrint more accurate, you can click through to be quizzed on dozens of additional food and cooking preferences. The more you tell FlavorPrint about yourself, the more accurately it will predict your flavor preferences and the recipes most likely to satisfy them.

There is nothing else quite like FlavorPrint in the digital world of recipes. Launched in beta stage in early 2013, FlavorPrint as a personalized recommendation engine has the potential to provide McCormick with a distinct competitive advantage over all other recipe sites, an advantage as formidable, perhaps, as the advantage Netflix enjoyed while conquering the video rental industry.

Netflix's movie streaming service is so popular that one 2012 study showed it accounts for one-third of all downstream Internet traffic in North America between 9 a.m. and midnight.[8] Netflix's own data reveals that 75 percent of all that traffic is initiated through recommendations from its personalization algorithms.[9] Similarly, FlavorPrint's automated recommendation can end up saving users time and needless worry combing general recipe sites, while surprising them with recipes they may never have dreamed they would like.

Technology as Business Transformation

The 2012 announcement of FlavorPrint as a McCormick initiative attracted some attention for the company from the food industry trade media.[10] FlavorPrint also won several design and agency awards for its utility and user experience.[11] As a handy tool that can help develop the taste palate of anyone using it, FlavorPrint is good for McCormick's bottom line because, as the market leader in spices and seasonings, McCormick stands to win whenever consumers start making more flavorful choices. Some spice sales inspired by FlavorPrint might also be captured by McCormick's competitors, but many of the dishes in the McCormick recipe database call for the use of McCormick's proprietary blends and other branded products (Lawry's blends, Grill Mates marinades) for which there are few substitutes.

The reason for developing FlavorPrint, however, is not to sell a few more McCormick products in the short term.

By offering a highly personalized service that outshines the predictive capabilities of all other online recipe sites, FlavorPrint has positioned McCormick to become a uniquely trusted and indispensable partner to the home cook, and to all the related companies and industries with a stake in home cooking.

The speed of technological change makes it difficult to guess at how exactly FlavorPrint will achieve this status. On the day of FlavorPrint's beta launch in 2013, the technologies that might determine its success 5 or 10 years later had probably not yet been invented. This is true with nearly every service offered as the starting point of a functionally integrated ecosystem. When Amazon was founded as an online bookseller in 1995, who would have supposed that the company would use its platform to become the world's largest publisher of e-books? Did anyone at Apple foresee, on the launch of iTunes in 2001, that by 2009, iTunes members would be buying movies to watch on their *iPhones*?

The brief history of Functional Integration tells us that the business model works best when its long-term goal is to achieve inelasticity for its brand, when the digital ecosystem of products and services can stake a claim of "ownership" to a certain market space. The smart move for McCormick would be to build out its FlavorPrint ecosystem with the aim of dominating "flavor" in the minds of consumers, no different from the way Amazon dominates books, Google dominates search, and Apple's iTunes dominates digital music.

If this seems like an unrealistic objective, consider that never before in the history of marketing has it been possible to engage consumers both on this highly personal level and on this wide, mass scale. Functionally integrated ecosystems like Apple's and Google's are embedded in everyday life with a reach and frequency formerly associated only with paid advertising. From such a digital platform, anything is possible, as Apple and Google have shown.

While FlavorPrint was still in its beta stages, McCormick executives began exploring opportunities to provide FlavorPrint as a recipe recommendation engine for online grocery shopping sites. "Retailers are focused on developing the in-store experience, but they want to figure out how to take that one-to-one relationship into the digital space," said Andrew Foust, McCormick's director of digital business development. "FlavorPrint offers a personalized solution that our retailers have been overwhelmingly supportive of, and they are excited to work with us as we move forward beyond the beta test."[12]

Partnerships of this kind would enroll larger numbers of FlavorPrint members than McCormick could ever manage on its own. From there, FlavorPrint might achieve enough traction to become an attractive feature for restaurant chains, online recipe sites, and packaged food producers. In some instances, licensing FlavorPrint within the food industry might begin to earn McCormick new streams of revenue.

All of these potential partnerships would serve as new sources of FlavorPrint enrollments, providing McCormick with precious consumer data that could be used to refine FlavorPrint's services even further. A credible long-term goal for FlavorPrint is to become the source of multiple revenue streams for McCormick, from licensing, consulting, and the sale of any number of business-to-business products. In the process, McCormick will have transformed its business model from that of a 20th-century market leader in spices and seasonings to a 21st-century standard-bearer of flavor.

The likelihood of any of this happening for McCormick rests on the question of whether FlavorPrint can provide a compelling and reliable level of utility to its users. Thanks to the power of social and mobile technologies, the ability to build strong ongoing relationships with consumers through digital utility will likely determine which companies can dominate their consumer

categories in the years to come. Apple, Amazon, and Google have already managed to cement their status as market leaders in this way, through their ecosystems' utility, attractiveness, and marketing power.

Functional Integration can provide this sharp competitive edge because it is based on transformative digital technologies, and transformative technologies have always caused massive disruption in consumer markets. The Internet, social media, and mobile communications have produced enormous changes in the way consumers relate to the companies they buy from. Companies that fail to maximize the potential of these technologies will either fail or end up as undifferentiated, commoditized also-rans. A look at the past suggests that this has always been so. The history of business is the history of winners edging out losers by adapting to technological change.

Many of the most revered brands names of today had their beginnings in the 1880s, when the spread of railroads across the U.S. landscape first enabled companies to access markets on a national scale. Names such as Heinz, Coca-Cola, Levi's, Procter & Gamble, and many others, McCormick included, were founded during this time, along with many thousands of others who are lost to history.

Over the decades, countless companies were either bankrupted or gobbled up by larger companies in the drive for economies of scale, the process known as horizontal integration. To grow in the industrial age required the constant expansion into new products and brands, enlarging the portfolio and inventing new things that the consuming public desires. This strategy is so commonplace that most of us rarely even give it a thought. Company leaders have long understood that you always risk erosion in your market share unless you continue along the route of line extensions, segmentation, and exploiting brand equity to serve more customers and fill consumer niches in adjacent categories or subcategories.

Coca-Cola was once a famously stubborn holdout in this regard. From the Great Depression through the 1950s, Coke's dominance of the soft drink market was so strong that in many Southern states, the word "coke" is still used to refer to *any* soft drink, just as facial tissues are called Kleenexes. For decades, the iconic Coca-Cola brand sold only the single soft drink formula, and until the late 1950s, that single formula was available only in one size, the 10-ounce distinctively shaped bottle. When Coke introduced a diet cola in 1963, it was called Tab, not Diet Coke. Coke was, in the words of one historian, "the most changeless of America's consumer goods."[13]

Pepsi was Coca-Cola's long-suffering rival for many years. Pepsi tried and failed to compete with Coke on price and on bottle sizes, all to little or no avail. Then a new management group at Pepsi hit on horizontal integration in the 1960s. PepsiCo offered Pepsi Light and Diet Pepsi to undercut Coca-Cola's position and start eating away at Coca-Cola's enormous market share. By 1983, Pepsi was outselling Coca-Cola head-to-head in supermarkets. Coca-Cola's market share was eroding, as it was saddled with a single-product strategy that couldn't compete with Pepsi's horizontal challenge.[14]

Finally in 1982, Coca-Cola broke with tradition and introduced Diet Coke. After that came Caffeine-Free Coke, Cherry Coke, and Caffeine-Free Diet Coke. Then came Coke Zero, a version of diet soda specifically developed to be marketed to men who wanted a calorie-free soft drink but didn't want to be seen buying a product with the word "diet" on it. Coke Zero was followed by Vanilla Coke Zero and Cherry Coke Zero. The Coca-Cola Company became a global master of horizontal integration. Its beverage brands alone literally run the gamut from A to Z, and include Aquapure, Bacardi Mixers, Barq's, Full Throttle, Fuze Tea, Evian, Fanta, Fresca, Fruitopia, glacéau vitaminwater, Honest Tea, Inca Kola, Master Pour, Mello Yello, Minute Maid, Monster,

Odwalla, Pibb Zero, Powerade, Sprite, Worx Energy, and Zico coconut water.[15] Coke ended up winning the cola wars in the process. Coca-Cola remains by far the number-one soft drink in the U.S. market, with Diet Coke running second and Pepsi-Cola an also-ran third.[16]

Horizontal integration was sparked in its earliest days by the spread of the railroads. Vertical integration was powered by the spread of computers. During the final quarter of the 20th century, the nascent information technology industry drove a trend toward cost cutting and efficiency. Automated information technologies provided new levels of revelatory data that allowed far more cost-effective allocations of resources within each company's vertical supply chain. For the first time ever, executives could see where profits were being sacrificed, and could take steps to staunch the bleeding.

Every single Fortune 500 corporation went through company-wide implementations of enterprise resource planning (ERP) tools from software leaders like SAP and others. Consulting firms including IBM, Accenture, and EDS provided the professional expertise required to get these systems up and running. Tighter control of the supply chain became the best and quickest way to squeeze profits, as did the replacement of human workers with automated processes and machine controls. Companies looked to cut costs at every stage of production. As companies became more horizontally integrated to drive top-line growth, they simultaneously became more vertically integrated to drive bottom-line cost savings and boost profitability. Until the rise of Functional Integration, these two dimensions of horizontal and vertical integration directed most if not all of corporate competitive strategy.

Relentless horizontal expansion, in particular, is responsible for the bloated marketplace of the 21st century. Consumers have a dizzying array of choices in nearly every mature category, more

choices than at any time in human history. The result is that almost every industry operates in a consumer market that has never been so elastic. This is the growth challenge of the 21st century for most, but not all, firms. It is no coincidence that the rare exceptions in which consumer choice remains remarkably *inelastic* can be found among digital companies dependent on Functional Integration — Apple, Google, and Amazon.

Horizontal integration can still produce profits if your company manages to play the game a little bit better than your competitors. Every now and then, a hit product or brand manages to break out a new category, the way Unilever's Axe created the body spray as a complement to the highly commoditized category of deodorants and antiperspirants. Or an entrepreneur comes along with a market hit like Snapple, which is then bought by one of the Fortune 500. Hoping for hits, however, is not a corporate strategy.

In 2010, major national brands received a scare that demonstrated the fragile grip they maintain on their markets. That year, Walmart started dropping some of the biggest brand names from its shelves. Walmart's aim was to reduce the number of items it had to track and inventory, but it was also to make more room in its stores for its own Great Value store-brand items. Prior to 2010, Walmart carried four different brands of plastic storage bags: Glad, Hefty, Ziploc, and Great Value. Suddenly, Glad and Hefty were gone from its shelves.[17]

"For many commodity-like products, second best has proven good enough," wrote John Jannarone, the *Wall Street Journal*'s "Heard on the Street" columnist.

Walmart discovered, however, that when some shoppers can't find their preferred brands at Walmart, they shop somewhere else. Walmart sales slumped and in response, the company reversed course and brought back 8,500 brand-name products in a 2011 promotion called "It's Back."[18]

The message was clear, though. The retailers on which all consumer brands rely have strong incentives to promote private-label products instead, because private labels tend to earn retailers higher gross margins and greater customer loyalty.[19] Meanwhile, the increasing availability of private-label alternatives will continue to foster the notion in some consumers' minds that this branded detergent or that branded snack food isn't significantly better than the store's own product.

Functional Integration in its most fundamental form can serve as a hedge against this trend toward commoditization because it has the power to drive consumer preference and gain market share. If you are unable to establish an authentic brand relationship by giving your customers something relevant to their daily lives, the only difference they will see between your brand and Walmart's Great Value is the price difference. They will opt for those cheaper options, or—as in the case of Walmart and its removal of Glad Bags—your retail channels will make the decision for you, eliminating your products from the shelves and eliminating them from your customer's attention in the process.

Owning the Space

When McCormick studies the consumers who respond to its digital marketing efforts, company officials like what they see. Visitors to the McCormick website and social channels spend upwards of 40 percent more on McCormick products than the average McCormick customer. The digital consumer, says CEO Wilson, "is a very engaged consumer, and is one we're increasingly reaching out to."[20]

FlavorPrint was first unveiled as a McCormick initiative during a 2012 investor conference, when Ken Stickevers, president of McCormick's U.S. consumer products division, hailed it as

"a breakthrough application of technology" and compared its appeal to that of Amazon's recommendation engine.

Gaining greater exposure for FlavorPrint through partnership channels will be critical to FlavorPrint's success because Functional Integration platforms tend to be "sticky" in marketing terms. People who sign up for digital services tend to use them, and then they develop loyalty to the brand behind them. The challenge is to attract large numbers of consumers to the FlavorPrint platform and its features. Without effective strategies to give customers the chance to "stick," some excellent digital platforms sit underutilized, like expensive sports cars that never leave the garage.

Personalization is a key to stickiness because one of the key attractions of functionally integrated services is that these services help people know themselves better. We helped another R/GA client, L'Oreal Paris, launch My Signature Beauty in January 2013 as a way of offering each visitor a customized assessment of her hair care and cosmetic needs. Similar to FlavorPrint, My Signature Beauty makes recommendations that are dependent on the customer's willingness to share personal information. Visitors are asked to input their hair color, eye color, and skin condition, and the nature of the beauty results they seek, whether it's to repair damaged hair or remedy dry skin. An algorithmic recommendation engine sorts through thousands of products in 15 different L'Oreal sub-brands to provide a comprehensive, personalized report.

By giving McCormick and L'Oreal a highly detailed profile of yourself, you offer these companies enough information to send you special offers designed to appeal to your particular profile. Most company email blasts send you offers for what they want to sell you. When you sign up for weekly emails through functionally integrated services from McCormick or L'Oreal Paris, you're

alerted mainly to products that those companies know you'll be interested in.

The other aspect of this two-way information flow is that McCormick and L'Oreal are learning more about their customer bases. When you follow the FlavorPrint prompts and respond fully to the digital questionnaire, you give McCormick a full picture of how many of their close customers bake, how many poach, how many own a blender, and how many own a juicer. All that knowledge about its best, most loyal customers will inevitably affect McCormick's product mix and product development decisions.

So even if few readers are aware of FlavorPrint or My Signature Beauty on reading this chapter, that's hardly an indication of the potential those digital services represent. Functional Integration, dependent as it is on gaining new memberships, grows in strength according to the snowball effect. Amazon, Apple, and Google launched their early digital services to widespread indifference within their respective industries. All functionally integrated ecosystems started small and built up membership through the fundamental appeal and usefulness of their digital offerings. They succeed because, as digital services, they are not reliant on mass media to gain popularity. They are products of a new multicontextual digital environment in which utility, coupled with mastery of context, builds value in the long run.