Wennström’s Four Factors of Success

A simple tool to innovate healthy brands

By Peter Wennström
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About the author

Peter Wennström is regarded as one of the world’s leading experts in functional and healthy foods marketing. He is co-author of the *Food & Health Marketing Handbook*, also published by *New Nutrition Business*.

Peter is founder and president of the London-based Healthy Marketing Team. He is also a popular speaker and has delivered workshops and seminars to companies across the globe.

Peter is an international brand management consultant working for clients in pharma, dietary supplements and food. He started his career in the advertising business in the early eighties and was involved in some of the very first functional foods launches in Europe.

In the late nineties Peter started his own agency under the name of Wennström Integrated Concept Development, taking consumer data and market insights from around the world on food and health issues, using strategic tools such as Wennström’s FourFactors and the FourFactors Brand Analysis System. These tools allow companies to take quicker and more accurate strategic decisions and accelerate brand innovation and NPD. Wennström’s FourFactors has been used by his clients since 1997.

In 2004 Peter also started HealthFocus Europe, the European arm of HealthFocus International Trend Survey, which is the longest running global consumer trend survey. In 2008 he founded the Healthy Marketing Team with the expressed mission of supporting his clients to better target products and brands, faster to market.

Peter lives in Sweden and he can be contacted on peter@healthymarketingteam.com. If you are interested in more case studies, or in Peter’s HealthyMarketing newsletter, you can contact him at the same email address. You can find more information about Wennström’s FourFactors at www.thefourfactors.com.
Introduction

Who is this book for?

This book is written for anyone who is involved in:

- marketing
- new product development
- R&D
- general management

And who is responsible for:

- managing any kind of food or beverage brand with a health benefit platform
- identifying and commercializing new product concepts
- identifying new ingredients and health benefits for new and existing brands
- considering where health-enhancing products might fit into their strategy

Wennström’s FourFactors of Success is a check-list for new product development and brand analysis. Readers can use it to assess:

- what they need to do to create a health-enhancing branded product that will resonate with consumers
- what are the gaps in their current brand and product development strategy
- how they can fill those gaps in a practical way
- what the best communication strategy would be for their brand
- how competitor brands are likely to perform
How to get the most out of this book

Wennström’s FourFactors is a checklist intended to reduce the risk of failure and maximize the chance of success in healthy marketing. What we have done – from our rich and diverse experience in working with the food and beverage industry, ingredient companies and raw material suppliers and growers – is identify the common characteristics for success – the Four Factors. If you are working within a consumer goods company, the Four Factors is a simple and effective checklist to develop a health positioning for your brand that is unique, relevant and engaging for your target consumer.

This should also help you to explore and understand whether your current brand positioning is at an optimum to maximize growth and effective brand communication.

The Four Factors checklist

![Four Factors checklist diagram](image-url)
In addition, it is a very useful tool during the concept development stage to develop a differentiated product proposition with clear health benefits and “reasons to believe”.

If you are an ingredients company, identifying the ideal Four Factors target tells you which potential companies to approach with your product. It can allow you to develop product examples which “make it real for them” – moving you from technical push to consumer pull.
How this book is organised

**Part I** sets out the Four Factors, explains each one in detail and explains the relevance of each for brand analysis and for new brand concept development.

We then show the Four Factors in action under two scenarios, **functional/fortified foods** and **superfoods**, which today represent the two major value-adding strategies in food and health marketing:

**Functional or fortified foods** represent a product with an added health benefit. This strategy is represented by the Danone Actimel case study at the end of Part 1. We give a Four Factors analysis of this successful brand – the world’s largest immunity brand and one of the biggest probiotic dairy brands – and show how the Four Factors can be applied in analyzing a food product with an added functional ingredient.

**Superfoods** represent the strategy where you promote the “natural’ intrinsic health benefit of a food product or its ingredients. This strategy is represented by the Innocent case study. This case study will show you how consumer interest in increasing their consumption of fruit and vegetables has created an ingredient-based brand proposition.

**Part II** provides 10 case studies of brands, each one analysed using the Four Factors model. The categories covered by these brand case studies include juice, dairy, soy, breakfast drinks, cookies and breakfast cereals.

They are divided into two groups: Successes and Failures. By successes we mean products that have endured and become leaders in their market. By the term “failure” we mean products that were withdrawn from the market because sales failed to meet expectations, by admission of the companies concerned.
The successes:

Case Study 1: Benecol
Case Study 2: Yakult probiotic daily dose drink
Case Study 3: Anlene: the world’s biggest bone health brand
Case Study 4: Red Bull
Case Study 5: Silk soymilk
Case Study 6: Emmi energy milk
Case Study 7: Up & Go breakfast drink

The failures:

Case Study 8: Novartis Aviva
Case Study 9: Emmi Co-enzyme Q10 dairy sports drink
Case Study 10: Delamere Dairy Dancing Daisy Probiotic Milk

Appendix – Working Papers

At the end we include some blank Four Factors Brand Analysis forms which you can use to undertake your own Four Factors analysis of your brands or new product concepts.
Executive Summary

• Wennström’s Four Factors of Success is a practical checklist for new product development and brand development. It has been created – and is used – to help companies analyse their existing brands and to evaluate new brands and brand extensions. It is also used to analyse competitors’ brands. By using the Four Factors you can better understand what are the chances of success for your health-enhancing brands – and those of your competitors. In short it is a tool to help you increase your chances of success and reduce your risk of failure.

• The Four Factors checklist was first developed 20 years ago and resulted from working on new launches of what were then the first probiotic products in Europe.

• The Four Factors are as follows:

  1. **Need the product** – what are the needs of your target consumer and how do they perceive your product?
  2. **Accept the ingredient** – what is the level of your target consumer’s knowledge and awareness of, and interest in, your ingredient?
  3. **Understand the health benefit** – how well do consumers understand the benefit your product is offering?
  4. **Trust the brand** – how much trust do your target consumers have in your brand to deliver all the above?

• The Four Factors enable you to innovate across the **whole product**, which means that you have to innovate the **full marketing mix**. By applying this checklist again and again across multiple categories and across continents some key lessons emerge for anyone planning to launch a functional or health-enhancing food or beverage. These make it very clear that you need to be innovative beyond the physical product.
1. Brands that have high levels of convenience and lifestyle benefits built into their packaging make it easier for consumers to incorporate them into their lifestyle. In particular, successful brands are very often single-serve products. **The Danone Actimel case study illustrates this.**

2. To be successful you have to innovate the full marketing mix – to innovate beyond the physical product. Successful functional and health-enhancing brands innovate in marketing as much as in science. Some use carefully selected “non-standard” distribution channels, some innovative merchandising, others one-to-one consumer education, others heavy sampling. **The most successful use a combination of several or all of these, as the Anlene case study shows.**

3. The successful creation of new categories and segments is as much a factor of innovation in packaging and proposition as it is a factor of innovation in science or ingredients. **The case study of Emmi Energy Milk shows how unusual packaging helped to sell a new benefit.**

4. New brands with disease-oriented messages are most successful when they target early adopters and develop an “expert positioning” for themselves, making them a benchmark for the rest of the market. **Such brands can thereby build an impregnable high-margin niche for themselves, as Benecol has done with its cholesterol-lowering dairy drink.**

5. Where functional ingredients and/or benefits are new, not well-understood or accepted by consumers, brand owners and ingredient suppliers must invest heavily in long-term consumer education to build awareness. **Yakult is a company that has invested in such education over many years.**
PART 1
THE FOUR FACTORS
The Four Factors
Why Four Factors?

WHAT IS SO SCARY ABOUT THIS?

The value chain starts in the mind of the consumer at the point of purchase. The decision whether to pick your product or move the hand a few centimetres to a competitor may be the result of just a few seconds evaluation.

Every shopper stands in front of the shelf making complex mental calculations with everything she knows about the product – the secret is to know what informs her calculation.

Figure 1: What is scary about this...

The seven second, seven centimeter rule...

The decision whether to pick your product or move the hand 7cm to a competitor may be the result of just a seven-second evaluation!

Every shopper stands in front of the shelf making a complex mental calculation with everything she knows about the product...

...the secret is to know what makes up her calculation.

The key to creating added value in health-enhancing foods is to be able to translate the health benefit(s) of your product – or its ingredient – into a motivating message for your target consumer at the point of purchase. To do this you have to:

• develop a keen understanding of the psychology, needs and behaviour of the consumer group you are aiming the product at
• accept and understand consumers’ many ways of perceiving food and health, and realise that they will experience health benefits on a physical, intellectual and emotional level

This means that you can:

• increase or reduce the perceived value of your product through the marketing communications you use – innovation is not only about the formulation of the physical product itself

• optimise the perceived value of your product by the way you design the whole product – that is, the full marketing mix – your brand positioning, packaging, ingredients, pricing, distribution etc.

This sounds complex. The purpose of the Four Factors checklist is to make it easy. It is a proven and widely-used checklist for product development and for developing effective consumer-focused health communications.

The Four Factors checklist is not just a theoretical tool. It was developed in connection with the launch of the first probiotic products in Europe and in the more than 20 years since then I and my colleagues have applied and tested the checklist in numerous functional and health-enhancing food projects, working with food and beverage companies across the globe.

By tracking product launches, successes and failures, and working with hundreds of projects for food and beverage companies, it has become clear that successful product design and brand positioning is more often than not determined by how a brand measures up against Four Factors of Success. The purpose of this book is, in a nutshell, to help you get the whole product right for your chosen, best-possible consumer.
The Four Factors are:

**Factor 1: Need the product**  
Who is the product intended for? When will they consume it? Why will they consume it? This first factor is the basic proposition for the whole product idea. It concerns the consumers’ lifestyle needs, their perception of the product and its relevance to their daily life.

**Factor 2: Accept the ingredient**  
What does your target consumer know about what’s in your product? This factor is concerned with the level of consumer awareness of, and interest in, your chosen healthy ingredient, and also the trends that may help stimulate demand for your product or ingredient.

**Factor 3: Understand the health benefit**  
How well does your target consumer understand the health benefit your product offers? This factor relates to simple consumer logic. What

**Figure 2: The value chain starts IN THE MIND OF THE CONSUMER at the point of purchase**

Who needs the product?  
Understand the benefit?  
Accept the ingredient?  
Trust the brand?

These are the four key success factors for every brand positioning.
is the health benefit of your product or the functional ingredient in it? Is the health benefit relevant to their daily life?

**Factor 4: Trust the brand**
This is the key factor for understanding both why some functional and health-enhancing foods have been successful and others haven’t, and why a brand can be successful in one market but not in others, because of its identity and history. You must develop your brand carefully so that it can be a credible provider of the health benefit it offers, and so that there is a link to the brand promise in the mind of the consumer. Remember that it is the consumers who are the true judges of the image of your brand.

**MOTIVATION AND PERMISSION**

The motivation to buy is what makes you reach out for a new product, grab it from the shelf and hold it up for a first inspection. Permission to buy is what makes you put the product back on the shelf or into your shopping basket.

Motivation to buy and Permission to buy is a central concept when it comes to understanding the potential success of a new product idea as it splits the purchase process into two steps, Motivation and Permission, and with this understanding we can also split the Four Factors into two pairs:

- Factors 1 and 3 are the two Factors driving Motivation; and
- Factors 2 and 4 are the two Factors giving Permission to buy.

You can have a perfectly motivating product where the consumer clearly understands that she needs the product, when she needs it and why (Factor 1). She or he also understands the benefits from buying the product (Factor 3). But elements related to her acceptance of the ingredients (Factor 2) and/or her trust for the brand (Factor 4) to
deliver the benefits may be missing. Consider these examples:

1. She loves the idea of tasty strawberry yoghurt but doesn’t like the artificial sweetener used to deliver the taste, so she will not give herself permission to buy the product.

2. He loves the idea of a weight-reducing soft drink with green tea and is tempted to buy it, but the brand is too “girlie” and he’s afraid he will look stupid if he buys it, so to protect his self image he does not give himself permission to buy.

3. She really loves chocolate, but she has promised herself to stay away from it because it is not good for her. But this new dark chocolate with natural antioxidants from organic plantations really makes her feel good about her choice, so she gives herself permission to buy.

THE FOUR FACTORS WORK BEST IN HARMONY

A truly well-designed product will fully satisfy all of the Four Factors, but in reality it isn’t always possible to get all four exactly right. Think of the Four Factors like the notes of a chord on the piano. You will make the best possible sound if you hit all four – the fewer notes you hit, or if you hit one of them wrong, the less attractive your product will sound to the consumer.

All the aspects of your product – practical, informational and emotional – must sit right in the mind of the consumer at the point of purchase (see Figure 1). The average time a supermarket shopper spends deciding whether to put a product in her trolley or not is just a matter of seconds (see Figure 2), and very often, of course, she’s in a hurry. She’s also likely to be stressed – she may well have to pick up her child from day care or be shopping with her bored and misbehaving kids.

If your product underperforms on one or more of the Four Factors
then the chances of your target consumer purchasing your product go down. If, for example, despite having an excellent food product (Factor 1) and a great brand (Factor 4), consumers haven’t heard of your ingredient and/or don’t understand its benefit, then your risk of failure spirals upwards. In such a situation, to increase your chances of success you must be willing either to invest heavily in educating your target consumer about the new ingredient or the new benefit – which is a long-term process that requires a long-term, strategic commitment from senior management – or accept that the benefit or ingredient you are looking at is not (yet) the right one for the market.

The brand position boxes in Figure 3 are a useful tool for analyzing a brand using the Four Factors. We will use them in the following sections and you can find blank brand positioning boxes (with which you can make your own analyses) in the Appendix.
Factor 1: Need the product

As we have already explained, the value chain starts in the mind of the consumer. Factor 1 involves the motivation and lifestyle needs of your target consumer and their perception of your product. This is where you must ask yourself how your product performs on its own merits as a food or beverage. The first and most important questions you must ask in order to define your consumer market are:

- Who needs my product?
- When will they consume it and how?
- Why would they buy it?

Shoppers differ greatly in their motivations and their sense of control over their health. If you can discover the answers to these key questions then you have defined the positioning and basic proposition of the product and you have made the best possible start on the Four Factors road to success.

WHO? GENDER DIFFERENCES AND LIFE STAGES

In considering who will buy your product it is worth taking a look at the key role of women in buying decisions. For example, the history of functional foods has proved time and again that men are much less motivated to buy products offering a heart health benefit than women are. Family men in their late 40s are most often not the ones who do the shopping. And if you tried to persuade them to drink a cholesterol-lowering, on-the-go-product, such as a single-serve smoothie, you might find that they reject it because they are not in the habit of drinking cold beverages – other than alcohol, of course.
In fact, if you try to tell them they need to drink a cholesterol-lowering beverage to improve their heart health they will probably pour themselves an extra glass of wine (they are more likely to have heard that red wine is good for the heart and will almost certainly have no idea what plant sterols are).

So how will you sell a healthy product to a middle-aged man who seldom goes to a supermarket, doesn’t want to change his eating habits and isn’t motivated by health messages? The answer, of course, is to target the woman in his life.

**The mother is the health manager**

It is women who are most often the “health managers” of the family. For long-established societal reasons, women feel responsibility for the wellbeing of their families. Society expects it of them, and expects them to be successful in their duty.

Mothers, in particular, are prone to feel guilt if they think they aren’t doing the best they can for their children. Women are sensitive to health messages for themselves, their children and their husband. She is the one who puts him on a diet. She is the one who introduces cholesterol-lowering spreads to the household (because she thinks her husband might need it). She is the one who buys vitamin-fortified juice for her children to make sure they get their essential nutrients. And she does most of the shopping.

As marketing guru Faith Popcorn puts it in her bestselling book *EVEolution: The Eight Truths of Marketing to Women*:

> “Women make buying decisions involving billions of dollars. Women buy or influence the purchase of 80% of all consumer goods. This includes 51% of consumer electronics and 75% of over-the-counter drugs. Women also influence 80% of all healthcare decisions.”
Understand the role of the gatekeeper

Women are, in effect, the gatekeepers of their family’s health and therefore you must primarily influence women with your communication. Ultimately, however, your communication needs to have a positive effect on the whole family.

Kids’ products obviously must appeal to kids and be tasty and fun, but their packaging must also communicate nutritional information to the parent “between the lines” or in separate information leaflets. Products targeting the man must respect his positive self-image. Delivering a health message from a sportsman with a good image is one example of this.

The increasing number of working women, combined with ever-busier lifestyles, makes the woman’s role as gatekeeper of family health even more demanding. Understanding what the gatekeeper will look for in your food and beverage is a key to success.

WHEN AND WHY? CONSUMPTION OCCASION

You are most likely a supermarket shopper yourself. The basic motivation that guides your shopping is very practical – to make sure that you choose enough products to fill a number of eating occasions. And, logically enough, you will only buy a product that you consider to be adapted to the wide variety of occasions in which you and your family will consume it. These might range, to take just a few examples, from dinner with the family to breakfast in a hurry to lunch alone to filling the kids up after school.

Today’s consumer is heavily influenced by the occasion on which she plans to consume the product. She is also influenced by the function which that consumption occasion has in her daily life. One occasion, remember, can have multiple functions.
These two parameters – occasion and function – in turn influence the segmentation of food and beverage markets. In fact, within the same product family the same consumer may choose different brands – at different price-points – depending on the consumption situation they have in mind. This is why, in the same American supermarket chiller cabinet, we find a premium Tropicana orange juice for the weekend breakfast alongside a retailer’s own-brand economy orange juice for the weekday breakfast – they may be bought by different consumers but they could also satisfy the same consumer’s different needs.

**Understand the demand of the situation**

The French consumer research agency GIRA describes all those eating situations that we don’t even think about, such as the weekday family breakfast where the aim is to fill the kids up and get them off to school as fast as possible, or the quick sandwich at lunchtime in the office, as “refuelling consumption occasions”. The object of these consumption occasions is “to eat and forget”.

These situations are driven by the need to optimise time rather than health, and there are many of them. GIRA estimates that even in a food-oriented country like France, refuelling situations account for around 60% of the total French food market (measured by the total number of meal and snack occasions). The implication is that a product that is offering a health benefit in a refuelling consumption occasion must also be one that helps to optimise time, or at least demands no more of the consumer than the “non-healthy” alternative.

**Why? Changes in consumer behaviour create opportunity**

Most of us eat foods from a core group of about 100 basic food items, which account for 75% of our total food intake. We also tend to choose our evening meal from a repertoire of around 8-10 recipes. But under pressure from factors such as the growth in the number of cash-rich,
time-poor households; the increasing numbers of consumers who see stress and tiredness as their major health concerns; and the greater demand for convenience, consumer behaviour is changing, which creates new challenges and opens up new opportunities.

The example of breakfast

Take, for example, breakfast. Studies have repeatedly shown that 20%–30% of Western consumers regularly skip breakfast. As a result, most breakfast cereal markets are flat and some are even in decline. When a group of consumers walk away from the breakfast table they are also walking away from traditional breakfast segments – such as breakfast cereal. Consumers will improvise and find their own solutions to the missed breakfast-at-home, and turn to alternative products – such as the bagel or the muffin grabbed during the morning commute.

Traditional breakfast cereal brand owners may find – as Kellogg did with its K-Sentials makeover in 2000 – that improving their products’ nutritional content is not enough to draw consumers back to the cereal bowl.

The breakfast cereal maker’s problem isn’t their product – it’s the change in consumer lifestyles. The time-poor consumer still likes cereals and probably understands the nutritional benefit of having them for breakfast, but their overriding perception is that they don’t actually have the time to eat them.

CREATE A ‘NEEDMAP’

If you direct your consumer research to pinpointing the consumption occasions of your possible target groups and the different needs connected to each of these situations you can create a “Needmap” (see Fig. 4) which will help you identify new segments.
By placing on a matrix a list of all the major consumption situations, with all their most frequent needs along the second axis, you can then determine and quantify the most important intersections for a given product using consumer interviews.

**Figure 4: When and why? How to develop a Needmap**

Examples of situations and functions of milk consumption. Find the new value-adding solutions in the intersections.

### Different categories compete for the same situation

Products from different categories can compete for the same meal situation with the same solution, in this case a handheld breakfast. A Kellogg’s Nutri-Grain bar, for example, competes for the same meal occasion with Australia’s largest cereal maker Sanitarium’s Up&Go liquid breakfast (see Case Study 7), and they both compete with the
muffin grabbed from Starbucks on the way to the office or breakfast from McDonald’s. The product that sells best will be the product that delivers the solution best adapted to the consumer’s need for a handheld breakfast on-the-go. The consumer will judge the quality of the product’s total fit to the situation rather than by its nutritional qualities alone.

GETTING THE WHOLE PRODUCT RIGHT

In formulating the whole product i.e. the full marketing mix you must be aware of the fact that each position in the Needmap matrix will demand its own distinct offering which will clearly signal the promised solution. For example:

• The packaging, publicity and price of a branded juice to be used on a weekend breakfast will be quite different from those of private label juice used as an everyday thirst quencher – and different again from the juice that is sold as the “on-the-go energiser”.

• The pizza best suited for the “snack in a hurry” segment will be a private label brand costing less than half the price of a fresh pizza portion bought at the delicatessen for a “snack for pleasure” situation.

If a manufacturer or retailer gets the emphasis wrong the product will be rejected by the targeted market segment. When you realise, as Sanitarium did, that a significant group of consumers is changing its habits and looking for new solutions, then you have the opportunity to create a brand new category or a new segment in your existing category in order to take advantage of those new habits.

Your goal should be to put yourself in a position where you can define:
• Who the best possible consumer is for what you have to offer
• What the best possible product is for this consumer
• What the best possible message with which to sell the product to this consumer is.

And if you can answer the Who, When and Why for your product idea then you will not only have the first factor right, you will also have the basic proposition for the product.
FACTOR 1 IN PRACTICE: WOMEN´S ESSENTIALS

This is a dietary supplement for calcium, found in a health food store. Look at the packaging. It is a perfect summary of Factor 1.

- Who: Women in their “midlife”

- When: “Midlife” suggests a lifestage and “food supplement” suggests the occasion.

- Why: “Women´s essentials will support your midlife needs”
  The insight: Menopausal women will need calcium to prevent osteoporosis that follows hormonal changes.

How could you improve the positioning of this product by ticking the other boxes?

- What benefits and what reasons to believe could you develop out of this first insight?

- How could you differentiate this product from other brands with the same message?
SUMMARY – FACTOR 1: NEED THE PRODUCT

1. **Who?** The common denominator for successful healthy foods and beverages is that they focus on offering solutions that combine both health and/or convenience to a clearly defined target audience defined by its gender, motivation or lifestage.

2. **When?** Most consumers wish to eat healthily, but they may be unable to fulfill this wish for simple reasons – of which one of the most commonly cited is a lifestyle problem, that of not having enough time. How can your product make their healthy eating choices easier?

3. **Why?** Create a positive choice. Your chosen food format should be relevant for the target consumers and either already a part of their daily habits or designed so that it can fit easily into their daily habits. If you can create a food product which addresses an unmet need caused by their daily habits (as Sanitarium did with Up & Go), so much the better.

You have now defined the basic positioning of your product, the consumer target and how your product fits into your target consumer’s life (the unsolved problem in that consumer’s life that it will solve). You have a Who, a When and a Why.

Now you have answered these questions this leads you to the next two factors:
- Accept the ingredient; and
- Understand the benefit.

With these next factors you will explore what benefits motivate your target group and what ‘reasons to believe’ you can communicate. These two factors can be seen as the starting point for your communication strategy.
Factor 2: Accept the ingredient

This Factor is concerned with the consumer’s knowledge and awareness of, and interest in, the health-enhancing or functional ingredient(s) in your product. While it’s not necessary for consumers to have an in-depth understanding of the ingredient you choose, the ingredient does need to be seen by consumers as a logical fit for the product. Ideally it will already be associated by consumers with health.

The benefits of calcium, for example, are widely understood because they have been communicated by dairy companies around the world for decades. But what about those of ingredients like probiotic bacteria, omega-3 DHA or antioxidants? Ask yourself the following three questions when evaluating consumers’ awareness and acceptance of the ingredients you’re considering using, and learn a simple trendspotting technique at the same time:

1. Is the ingredient accepted by the medical and scientific community?

Identify the ingredients that are mentioned most often in medical and scientific journals and websites, as well as in the magazines of support groups for people with specific conditions, such as coeliac disease. You should also identify the buzz ingredients in the over-the-counter (OTC) and dietary supplement sectors.
2. **What awareness does the ingredient have among early adopters of the consumer market?**

Research the number of articles in upmarket lifestyle and healthy living magazines, websites and blogs which mention your ingredient. Is the number increasing? Look also at new product launches in the natural foods/health food store channel. What kinds of ingredients are being promoted there?

3. **Is there potential awareness in the mass market?**

Research articles in wider consumer publications, such as newspapers and women’s magazines, and websites. Look, too, for new product launches in niche consumer markets. How consumers accept and understand an ingredient depends on the country they live in – on what its media chooses to report on and its food culture. Soy, for example, is well-known and widely accepted in the US but not in Europe. Conversely, probiotic bacteria in foods are widely accepted in Europe but are only now achieving wider recognition among American consumers.

If your ingredient is unfamiliar to consumers then it is essential that you are willing to invest in educating consumers about what the ingredient is, what it can do for them, and also placing the ingredient in a familiar context. Many companies baulk at this, “Awareness of an ingredient” is not the same as “motivation to purchase”. There must also be a high level of consumer interest and understanding of the benefit the ingredient is offering. With the sole exception of the Puleva omega-3 milk brand in Spain, most omega-3 milk brands have sold on an ultra-niche basis. In Australia, the country with the highest awareness of omega-3 in the western world, and where three omega-3 milks have been marketed for many years, sales have actually declined and their combined market share is barely 1%. Australians have heard of omega-3 – but the benefits only motivate a niche of consumers.
for consumer education is an expensive process and one which may not yield rewards for years.

Consumer awareness of soy’s health benefits in the US is the direct result of a long-term education effort – dating back to 1989 – by the local soy industry. Long-term consumer education is also the route taken by companies like Danone and Yakult in relation to probiotics. While consumers are learning about the new ingredient, the reality is that your product is likely to perform at a niche level, just as soy foods did for most of the 1990s.

If, however, your aim is to develop your market one segment at a time, beginning with the early adopters and evolving into the mass market, then consumer education will support the evolution of your product – exactly what happened with soy foods in the US.

It’s not only a question of consumers understanding your ingredient – the ingredient must be acceptable in the food it is included in. In the case of Tropicana’s calcium-fortified orange juice, the intrinsic healthiness of orange juice made it a suitable carrier for a well-recognised healthy ingredient. In turn, the use of such a widely understood ingredient meant that there was no need to communicate the health benefit beyond simple and positive health messages.

If consumers cannot easily understand why a given functional ingredient has been added to a product, it might be more suited to a dietary supplement or a medical food, where its scientific benefits might appeal to people with serious health concerns. Remember it’s often the case that the same benefit can be obtained from a number of ingredients.
‘Accept the ingredient’ is still the rule

Could it be that, in Europe and in Asia, the dairy industry has done such a good job educating consumers about probiotics and their benefits that it has made it impossible for the “prebiotic” concept to make any headway? And could it also be that even in the US, where the idea of probiotics for digestive health is still very new, it nevertheless already has a sufficient share of consumers’ minds that to introduce the term “prebiotic” will only confuse them and, as in Europe, fail to make much headway?

To some the news that Nestlé in the UK has stopped communicating prebiotic benefits for its whole-grain breakfast cereals will come as no surprise.

“Our own research in the past around this area has tended to find that people don’t really understand what prebiotics are – neither the exact term, nor even this way of talking about the effect on the digestive system,” Dorothy Mackenzie, co-founder of Dragon, the world’s largest independent branding consultancy, told industry journal New Nutrition Business.

“There is certainly confusion with probiotics,” she added. And this may be the nub of the problem. European consumers have got used to the probiotic message over the last 15 years as a result of a massive and continuous communication effort by the dairy industry. Consequently, the term “prebiotic” is meaningless and confusing to consumers everywhere in Europe, not just in the UK.

Since the late 1990s many brands have been launched, very often by leading companies, such as Germany’s Müller Dairy, that have attempted to communicate “prebiotic” benefits. Müller has used “prebiotic” alongside “probiotic” as a benefit for its Vitality yoghurts and dairy drinks in the UK but it’s hard to see how the message has ever done anything for the brand’s sales figures. It’s certainly unlikely to have given Vitality a point of difference from rival probiotic brands, such as Danone and Yakult, simply because most people won’t have understood what “prebiotic” meant. It’s a message that was also powerless to stop Vitality’s sales from sliding 14% in 2007.

Nor have the UK’s three biggest cereal manufacturers – Kellogg, Cereal Partners and Weetabix – been able
to make the message stick. The use of the term “prebiotic” by all of them on the packaging of various brands has done nothing to grow sales or shift the ranking of any of their products in the top 10 biggest sellers.

While no one is doubting the scientific basis for prebiotic benefits, it’s nevertheless important to recognise that the prebiotic message has come too late to the gut health party – it’s a me-too message.

Another challenge is the less direct nature of what prebiotics have to offer. A message like ‘prebiotic – a fibre that boosts the growth of beneficial bacteria’ may be too long a chain for most consumers to follow. If they want to boost the beneficial bacteria in their gut, why not just take a probiotic, as advertising urges them to do everyday?

It’s worth noting one of the world’s most savvy marketers of digestive health products, Danone, uses oligofructose and inulin in its world-leading Activia yoghurt. These ingredients are “prebiotic” – but Danone includes them in Activia as fat replacers and doesn’t use the word “prebiotic” on the pack or in any other communications. Danone will most likely have already worked out that using a word that’s incomprehensible to most consumers will confuse them and bring no extra sales.

Prebiotic is a confusing, me-too message and a me-too benefit, with no real point of difference that the average person can readily understand. That doesn’t mean that suppliers of prebiotic fibres should despair, but it does mean that we’ll see products that make prebiotic their primary benefit, such as Coca-Cola Minute Maid’s recently-launched prebiotic juice, stay in a niche, as its rival Tropicana fibre-fortified brand has done, despite using an ingredient name – “fibre” – that’s better understood.

But it’s not just prebiotics that run foul of consumer incomprehension. Innovative Swiss dairy group Emmi (see Case Study) recently withdrew from the market its LactoTab brand – Europe’s first chilled dairy beverage based on the ingredient coenzyme Q10 (CoQ10) – citing consumer unfamiliarity with the ingredient as one of the main reasons for the product’s failure.

You can invest as much as you like in technology and scientific substantiation, but if the consumer doesn’t accept your ingredient and doesn’t believe that it is necessary for their lifestyle then your technology is of no use. You must be willing to spend time to educate them about it – or use another ingredient that they do accept. It’s on such a simple rule of consumer logic that the future of many functional ingredients depends.

WHICH TREND(S) CAN YOU BENEFIT FROM?
Different groups of consumers have varying levels of understanding of health ingredients, and varying levels of willingness to accept these ingredients in food. This knowledge helps you position your brand.

Figure 5: Technology

Is the ingredient accepted by the medical and scientific community?
Identify the ingredients that are mentioned most often in medical and scientific journals and websites, and in the magazines of support groups for people with specific conditions, such as coeliac disease. Also identify the buzz ingredients in the over-the-counter (OTC) and dietary supplement sectors.


Figure 6: Lifestyle

What awareness does the ingredient have among early adopters?
Research the number of articles in upmarket lifestyle and healthy living websites and in the magazines and blogs which mention your ingredient. Is the number increasing? Look also at new product launches in the natural foods/health food.

Is there potential awareness in the mass market?
Research articles in wider consumer publications, such as newspapers and women’s magazines, and websites. Look for new product launches in niche consumer markets. How consumers accept and understand an ingredient depends on the country they live in – on what its media chooses to report on and its food culture. Soy, for example, is well-known and widely accepted in the US but not in Europe. Conversely, probiotic bacteria in foods are widely accepted in Europe but are only now achieving wider recognition among American consumers. If your ingredient is unfamiliar to consumers then it is essential that you are willing to invest in educating consumers about what the ingredient is, what it can do for them, and also placing the ingredient in a familiar context. Many companies baulk at this, for consumer education is an expensive process and one which may not yield rewards for years.

FACTOR 2 IN PRACTICE: BODY BIO CALCIUM

We found a second calcium supplement in the health food store. This one was totally centered on the calcium ingredient. But look at the packaging – it doesn’t give you much support unless you already are familiar with calcium:

- **Awareness**: Everyone seems to know about the connection between calcium and strong bones and teeth. How many have heard about calcium and weight loss?

- **Trends**: Consumers have read that many non-organic calcium supplements will not be absorbed by the body. The brand name Body Bio may imply that this calcium is biologically available.

How could you improve the targeting by understanding the awareness of calcium?

- **Can you identify who’s interested in the calcium benefits?** Then you can start to differentiate your product. Is it for women or for children, for example? The answer may stimulate your choice of packaging and flavours.

- **How could you explore the trend for more bioavailable supplements to make your brand “Body Bio” motivate and differentiate from other brands with the same message?**
SUMMARY – FACTOR 2: ACCEPT THE INGREDIENT

1. Awareness: Track the awareness of your chosen ingredient. Understand the awareness for your ingredient or product category by consulting market research reports, or if they are not available, do your own trendspotting by interviews with key stakeholders and research articles in science journals, trade magazines and consumer publications. See also Trend spotting model.

2. Interest: Consumers are more interested in benefits to their health than in ingredients. If the ingredient is unknown or unattractive the consumer will seek the same health benefit in another product with an ingredient that is more attractive (and especially an ingredient that is perceived as “more natural”). It is not essential for consumers to have an in-depth understanding of your functional ingredient but it is essential that they are willing to accept it in a food product.

3. Trendspotting: spot the trends, that can support or increase the interest in your product or ingredient. For maximum acceptance, place your ingredient in a reassuring food context. In the mid-90s Yakult Honsha reassured European consumers that its probiotic product was healthy not by describing the science behind its product but by simply saying “35 million drink Yakult every day”.

4. If your target consumers don’t accept or understand the ingredient then you must start to educate them about it – or aim your product at a different group of consumers who do.

Now you have identified the Awareness, Interest and also spotted the trends that can support the acceptance of the ingredient for your target group. This means that by now you know what they know. And remember that “ingredient” in this case refers to everything
that’s in your product: the physical ingredients; the packaging; the farming methods; your supply chain; your carbon footprint etc. You must know what will motivate your target group to pick your product from the shelf and what will give them permission to put it in the shopping cart.
Factor 3: Understand the health benefit

A starting point for increasing purchase and reducing risk is to find out how well consumers understand the health benefit your product is offering. A large part of the success of a functional or health-enhancing food or beverage depends on what consumers already know and accept about health benefits and what they have heard from credible sources.

THE IMPORTANCE OF FEELING THE BENEFIT

Yakult’s probiotic yoghurt drink and Red Bull energy drink are examples of successful products with a functional benefit you can actually feel. In the case of Yakult it’s an improvement to your intestinal health, for Red Bull an increase in energy and concentration. If you don’t understand the benefit too well before you first purchase it, you will once you’ve tried it and it’s made you feel different. And if you feel the benefit then you will probably tell your friends and family “It worked!” Word-of-mouth is the best promotion any product can have.

Foods that offer cholesterol reduction or bone health benefits, however, don’t enable consumers to feel an immediate effect, which puts them at a disadvantage. Since they can’t see their cholesterol going down and won’t actually feel any different after consumption, they are required to maintain considerable faith that the product is actually working. In this case you must create an acceptance of the benefit by explaining
the physical effect in plain, understandable consumer language. **How can the benefit be intellectually understood?**

The bone health benefit of calcium, for example, is widely understood and the connection between too little calcium in the diet and risk of osteoporosis is well known. A survey of American consumers conducted by the International Food Information Council (IFIC) in 2002 found that 79% of respondents were aware of the connection between calcium intake and reduced risk of osteoporosis. Fewer Americans, however, were aware of the association between antioxidants and cancer (54%), and fewer still know about the heart health benefits of soy protein (35%). Those who had heard of these associations were asked how much they had heard about them: 64% had heard “a lot” about the relationship between calcium and osteoporosis, whereas only 34% had heard “a lot” about antioxidants and cancer and 23% said the same about soy protein-heart disease.

The differences in the levels of belief in each association, concluded the IFIC, primarily lie in the length of exposure to the information. The health benefits of calcium have been communicated in detail for decades, and a wide range of communicators—from health professionals to journalists to government officials—have extolled the preventative effects of calcium against osteoporosis. Lower levels of belief in the efficacy of an association are related to consumers hearing relatively less about the association. In other words, the degree to which a health benefit is understood by consumers is directly related to the amount of media attention it has received and the length of time it has been in the media.

For marketers there is no need to shout about calcium or to engage in a heavy consumer education effort. Consumers—in this case mostly women—will recognise the ingredient, understand its benefits and are more likely to purchase the product, assuming that it also makes sense to them as a food product.
TARGET THE GROUP WITH THE BEST UNDERSTANDING OF THE BENEFIT

Another good example of a food with a well-understood health benefit is cranberry juice. Media coverage of the effectiveness of cranberry juice in preventing urinary tract infections (UTIs) – as well as consumers’ personal experience that it actually works – means that cranberry juice market-leader Ocean Spray has a clearly defined audience in the 30% of women who suffer from UTIs and who, thanks to media education and word-of-mouth, understand the health benefit of cranberries very well.

The cranberry juice-UTI link also clearly illustrates that the relevance of a health concern to an individual will strongly dictate the person’s ability to make an association between a food and a health benefit. As might be expected, 56% of women surveyed by the IFIC correctly associated cranberries and cranberry juice with reduced risk of UTIs without prompting, compared with just 33% of men.

EDUCATE ABOUT THE PROBLEM TO BE ABLE TO SELL THE SOLUTION

When the Finnish feed, food and ingredients giant Raisio launched its cholesterol-lowering spread Benecol in its home market in 1995 it had the advantage that, after almost two decades of government-funded heart health education and a resultant focus on cholesterol in the media, Finnish consumers were well aware of the health problems related to elevated cholesterol.

However, when Benecol launched in the UK in 1998, Raisio’s marketing partner McNeil discovered that it was trying to sell a health
benefit – cholesterol-lowering – to consumers who didn’t understand its relevance to them. For even though one in three Britons die of cardiovascular disease, very few actually know what their cholesterol level is. As a result, Benecol fell short of the expectations held for it.

Similarly, although vitamin-fortified products have historically appealed to German consumers, the British are not motivated by their presence in a food, despite accepting vitamins as functional ingredients. The vast majority of UK consumers believe they already get sufficient vitamins from their diet – in other words, they don’t accept the benefit of added vitamins as being relevant to them as individuals.

The lesson to be taken from this comparison is clear: if you want to promote a health benefit such as cholesterol-lowering it’s important that consumers understand the potential problems and health risks of elevated cholesterol levels and that they see the problem as relevant to them individually. And this lesson applies to every other health benefit: you must educate about the problem to be able to sell the solution.

**BECOME ‘THE EXPERT BRAND’ FOR YOUR CHOSEN HEALTH BENEFIT**

The Japanese probiotic pioneer Yakult Honsha’s “Guide to the Gut” consumer booklet – of which more than a million have been distributed in the UK alone (not by handing them out in supermarkets but in response to consumer requests) is just one way the company has established its expertise in the area of digestive health.

As a result, even in Japan, the company’s home market, where there are numerous Yakult look-alikes on the market, Yakult still retains market leadership and the status of the category expert, a reward from loyal consumers for giving them a full spectrum of benefits, a combination which Yakult tries to deploy in every market in which it operates. These are:
• **A physiological benefit** – consumers feel the health benefit of probiotics. But this effect can be delivered by other probiotics, so the physiological effect is not enough.

• **An intellectual benefit** – Yakult explains how probiotics work in a simple and comprehensible way. There will be less need for explanations as the category matures.

• **A behavioural benefit** – consumers can easily incorporate the convenient little Yakult bottle into their daily routines.

• **An emotional benefit** – by giving consumers “a healthy start to every day” it has developed a strong brand identity and trust in its expertise which will grow into brand loyalty.

Another example of an expert brand is Anlene, the world’s biggest and most successful bone health brand. Anlene (see Case Study 3) is a low/no-fat calcium-fortified milk powder, marketed throughout Asia by Fonterra Brands. The brand position is: ‘expert in bone nutrition’. Marketing a high-calcium milk is one of the most difficult things a marketer can try to do. There’s no technical advantage – any competitor can launch an identical product – and many consumers believe that regular milk is already high in calcium. Moreover, the benefit – improved bone health – is not one that the customer can see or feel, in sharp contrast to probiotic products for digestive health, where if the product works the benefits can be felt quickly and easily. That the Anlene brand has overcome all these obstacles so successfully – and all at a premium price – is the result not only of having a clinically-proven product that actually works, but more importantly a sophisticated, long-term consumer communication effort focused on establishing Anlene as “the expert brand”.

Establishing and maintaining this expertise is reflected in every aspect of brand strategy. One of the best examples of how to do this is the Anlene Teams – consumer education teams, made up of trained health
professionals – which visit clinics, supermarkets and shopping malls where they set up bone scanning machines and offer free bone scans to passers-by.

The bone scan is a measure of bone-mass density and it’s a safe and reliable way for people to find out about their bone health. The Anlene test includes an interpretation of the results by a health professional as well as nutrition counseling and people are also given product samples.

The Anlene Teams have conducted millions of bone scans across Asia and as a marketing technique this way of demonstrating the need for the product and communicating its benefits is without equal.

“Expert brands” like Yakult and Anlene, with a clear philosophy in food and health, have proven to be the most successful in today’s over-communicated marketplace where consumers are bombarded with facts.

HEALTH CLAIMS

There are still many in the food industry who believe that the ability to make health claims – particularly those in relation to reduced risk of disease – is the most important way of communicating the health benefit to the consumer. This belief persists even in the face of the ever-growing number of studies – conducted in both Europe and in North America – that have found that, in general, consumers have only a limited understanding of the nutritional information already on labels.

**Health claims are only one component of your health benefit communication.** Very often, the discussion about health claims (scientifically substantiated claims that can be made about products) and health benefits (in the sense of what health benefits products can
offer) becomes confused. They are very different:

The benefit platform is what you communicate to consumers about the health benefit that your product is offering: for example, that it is “high in antioxidants”. This is where it is vital to connect to what your consumers understand (or if they don’t understand it, you should be willing to invest heavily in a long-term education effort to enable them to understand). Your communication to enable them to understand the benefits can take many forms – PR, advertising or sampling – and the actual health claim is only one component in your total health benefit communication.

The health claim is the phrase that you can scientifically substantiate that states what your product can do. For example, that a high level of antioxidants can reduce the risk of a specific health problem. This is what regulators will allow you to say. But it is often in language that consumers do not understand. Having a health claim is the basis for your health benefit communications but it is only one of a number of forms of benefit communication, as shown by the Yakult example.

The key communication is not the health claim but the way the benefit is explained to consumers. For example:

- A 2002 consumer study conducted by Dr Eva Svederberg at the Department of Education at Lund University, Sweden, indicated that the two major conditions for a health claim to be accepted by consumers are that they understand the claim and feel that they can trust the statements made.

- A 2000 consumer study by the International Food Information Council (IFIC) found that the level of knowledge and concern a consumer has for a particular health issue is the main influence on the effectiveness of a functional benefit message. The IFIC
also found that health benefits are best understood when they are attached to a product which seems to be a logical provider of health.

- separate research by both IFIC and the UK Food Standards Agency (FSA) concluded that: “health claims often leave consumers confused and unclear”. The UK FSA further adds that:

  Evaluation of claims is rarely based on solid knowledge and facts but rather fits into a broader, more nebulous ‘belief system’ about:
  - How the body works
  - The impact of food on the body
  - Ideas about disease, illness and death

The FSA adds, concurring with what food and beverage marketers have learnt over the past 15 years, that in “real life”:

  Claims are normally evaluated, and purchasing decisions made, on the basis of whether consumers are convinced by them:
  - Do I need this benefit?
  - Will the product actually deliver?
  - Will it make a real difference?

Getting the answers established in consumers’ minds is the purpose of a full spectrum of benefit communications.

The question of how a health claim is understood leads us once again to the question of consumer knowledge – no claim will be of value unless it relates to a benefit which is understood by consumers and is perceived as relevant to their lives.

No matter how much scientific documentation you can back your benefit with, if the ingredient and/or the food product goes against
basic consumer perceptions of what is healthy, you may find yourself in a “marketing uphill” situation. As soon as you stop pushing the sales will slide backwards. And if the benefit isn’t established in the minds of the target consumer group, you have little choice, if you want to build a market for your ingredient, but to start educating consumers.

UNDERSTAND THE DIFFERENCE BETWEEN A HARD OR SOFT CLAIM LED STRATEGY

It’s also worth reminding yourself that, in relation to claims, some of the most successful functional brands, such as Yakult or Actimel (see Case Study 2 and the end of Part 1), are marketed with very soft wellness claims – and that brands that have been marketed with hard claims only have either taken a medicalised niche position like Benecol or failed like Aviva (see Case Studies 1 and 8).

The former approach has also underwritten the success of Ocean Spray’s cranberry juice. Cranberry juice is widely recognised by consumers as effective in combating UTIs, but no approved health claim for this benefit appears on product packaging in the US. Rather the consumer has come to a positive image of the product through media coverage of the clinical research and the advice of health professionals who share their conviction of its benefits.

CREATING TRUST IN THE MESSAGE

Many consumers believe that professional opinion about food and health is constantly changing. This can create confusion and uncertainty in the consumer’s mind about the healthiness of what you are offering. One way of getting consumers to accept the importance of the benefit, even if they don’t fully understand it, is to get endorsement from credible third-party organisations.
Endorsements by experts add to the trust in the benefit. A gatekeeper consumer, for example, will demand higher trust in the brand she chooses for those she cares for than when she is shopping for herself. The gatekeeper welcomes reassurance and endorsement by experts.

The messages sent by the brand must reassure the shopper that she is making the right choice. If the brand is known and trusted that is a powerful reassurance – as too is the endorsement of a credible authority in health (such as the Australian and New Zealand Heart Associations’ highly successful “Pick the Tick” logos on healthy foods). Endorsements encourage the consumer to think that if your health benefit matters to credible authorities it should matter to her.

EMOTIONAL BENEFITS REALLY MOTIVATE CONSUMERS

The mother in the “Pick the Tick” ad is a good example of where the intellectual understanding of the health benefit together with the expert endorsement gives the consumer an emotional benefit of “doing the right thing for her baby”. The emotional benefit is the third level after physical and intellectual benefits and if you can explore these three levels you will build a very strong benefit platform for your brand.
FACTOR 3 IN PRACTICE: AIM PRO BONE

The third calcium supplement we found in the health food store was all about the benefit. Just look at the packaging. Both the name “Pro Bone” and the x-ray skeleton hand leave you in no doubt of what this calcium is good for.

- Physical benefit: “Support for bone and teeth”.
- Intellectual benefit: “Adding Vitamin D helps your body metabolize”. Sounds like a good reason for trusting this product a bit more than the general calcium.
- Emotional benefit: Well, the skeleton hand may give you associations with x-rays and broken bones, so the emotional reward from buying this product may be that you’re doing what you can to avoid osteoporosis.

How could you improve the positioning?

- How can you enhance the Physical benefit? Can it be measured or monitored in some way?
- Think of different ways of creating Intellectual benefits for this product.
- How could you create a more positive Emotional benefit for this product? And how could you connect it to the brand?
SUMMARY – FACTOR 3: UNDERSTAND THE HEALTH BENEFIT

1. **Physical benefit:** If the consumer can feel the effect of your functional product then you must target those consumers at the very moment or situation when they are most likely to experience the effect. A physical benefit will generate word of mouth and contribute to the “spin” of your brand – very useful in PR campaigns and consumer testimonials.

2. **Intellectual benefit:** Find out what the consumer believes and stimulate their understanding of the effect with education about the physical benefit. The success of a functional or health-enhancing food depends primarily on what consumers already know and accept from credible sources. If the functional ingredient in a product is unknown or described in an unattractive way then the consumer will reject it. As a result, long-established ingredients – such as calcium – add to the ease and speed with which a consumer can understand the benefit of a new brand. This is the informational convenience needed by the consumer in today’s society. This particularly applies to the mass-market consumer, who is not engaged in the search for new ingredients and benefits as the early adopter is.

Health is individual – and there are many different ways of seeing health. **What do your target consumers know and believe?** Special groups of consumers have detailed knowledge about ingredients due to their special needs.

3. **Emotional benefit:** The emotional benefit is the third level after physical and intellectual benefits and if you can explore these three levels you will build a very strong benefit platform for your brand.

Health claims are useful if they are trusted and understood – but they are just one part of your marketing communications and not necessarily the most important part. Having an improved health claim enables you to create a marketing communication strategy – it is not by itself
a particularly strong means of consumer communication. The most successful functional brands have combined the rational communication about the physical effect of the product with emotional benefits related to the lifestyle of the consumer and emotional rewards connected to using the brand.

Now, with Factor 3 adding to Factor 1 and Factor 2, we have a well defined concept: the insight, the benefit (what’s in it for the consumer) and the reasons to believe. The next factor will be the acid test – will the concept fit your brand?
The Four Factors
Factor 4: Trust the brand

The value chain may start in the mind of the consumer – at the point of purchase – but getting consumers’ attention at the point of purchase is becoming increasingly difficult.

As Thomas H. Davenport and John C. Beck wrote in their 2001 bestseller *The Attention Economy: Understanding the New Currency of Business*:

“During the 1990s, for example, 15,000 new products were introduced in grocery stores each year. Today the average grocery store stocks about 40,000 different items, or stock keeping units (SKUs). So how do they get the attention when the average household buys only 150 SKUs per year? Understanding and managing attention is now the single-most important determinant of business success. Welcome to the attention economy.”

We live in an over-communicated-to society. According to the international advertising agency, Bates, at the age of 18 an English teenager has seen approximately 140,000 TV commercials, and “a single package of breakfast cereal contains around 1,250 words”.

No one consumer can get to grips with the total offering within a market, and nobody has time to go through the detailed information from all players and make rational choices based on all the available information. Luckily for our sanity, some 80% of all received information is forgotten within 24 hours – and our brain is wired to first of all accept information that confirms what we already know.
These are some basics that limit what you can, and how you can, communicate to consumers. To learn more about these fundamental conditions for human communication I recommend you read more about Perception and Cognition Psychology and also the books about Positioning by Al Ries and Jack Trout.

THE POWER OF BRANDS

As C. Britt Beemer and Robert L. Shook revealed back in 2001 in *It Takes a Prophet to Make a Prophet*, today’s time-starved consumers do less comparison shopping and buy more brand-name products. Consumers “buy products they know and trust because it’s easier and quicker. They’re willing to spend more money on a product they feel is reliable rather than buy an unknown brand and risk disappointment”. The less time consumers have to make choices the more they need the communication convenience of brands and as a result, however good a company’s technology is, it’s brands that make the difference and they are the real source of long-term differentiation and success.

Health is a serious matter and the history of functional foods underpins the importance of brand trust as a success factor. Benecol cholesterol-lowering spread, for example, was more successful in Finland, where Benecol’s maker Raisio was the market-leader in spreads, than in the US or UK, where the Benecol brand and the company behind it were an unknown quantity to consumers. Like consumers everywhere, Finnish consumers were willing to accept a strong health message from a brand they could trust – American consumers (also like all consumers) were unwilling to trust a health message from an unknown brand.

**Brand image:** A brand’s power stems from the whole range of associations and ideas it conjures up in the mind of the consumer. When you ask someone to say the name of a well-known company or brand – such as Nike, Starbucks, Louis Vuitton or Nestlé – it immediately conjures up associations, emotions, images and information relating to
their previous experiences of the brand in their minds.

**Brand promise:** The brand promise is at the core of the image. It is what consumers expect a brand to deliver – what it stands for. Volvo, for example, stands for safety to most consumers. Consumers see the Volvo brand as a promise of the safest car. A strong brand has very clear positioning and a strong brand will permit you to deliver new benefits within your category. Companies with well-known brands in food categories already associated with health have a huge advantage compared with new brands and unknown producers when targeting the mass market consumer. Leveraging the hidden nutritional assets of your product will therefore work best when the health benefit is associated with an established and trusted brand, as was the case when General Mills began to communicate the heart health benefits of whole grains in the US in 1999.

**Brand identity and history:** But what do you do if you are introducing a new category or a new segment? The (highly successful) strategy adopted by Sanitarium, Australia’s largest cereal manufacturer, was to endorse their new product proposition – Up & Go, a nutritious on-the-go liquid breakfast – with the Sanitarium umbrella brand and its history in nutrition, which created the necessary consumer trust for the new convenient breakfast solution (see Case Study 7).

**Use a sub brand to communicate a new benefit from a trusted brand:** As described above in the Up&Go example, Sanitarium chose to develop a new brand – Up&Go – for this new liquid breakfast category. But by keeping Sanitarium as the endorsing brand on the packaging and in all communication, the new brand benefited from existing consumer trust in the nutritional breakfast competence of Sanitarium. When you read the case studies in this book you will find that the sub brand strategy is proven to be successful with examples like Danone Actimel, Emmi Energy Milk, as well as Sanitarium Up&Go.


TRUST A NEW BRAND?

If you have no established brand in the market or if your current brand positioning doesn’t support the new benefit you want to introduce, then you must introduce a new brand to the marketplace. But how will you be able to break through the clutter and get the attention of the consumer if you haven’t got the resources of a multinational giant like PepsiCo? And how will you be able to establish the necessary trust if you have no history in health like Sanitarium, Kellogg or Danone?

If you have no brand trust you must set about creating it – but remember it is a long-term process which won’t yield quick returns. There are some simple things you can do to introduce your new brand in the best possible way:

1. Focus on what makes you different from your competitors in order to take a clear position in the market.

2. Focus: Dare to be “one thing”. In communications a second message always reduces the importance of the first, and in the marketing of health, claiming two competences (in, for example, both digestive health and bone health) will split your targeting (unless this combination is exactly what the target group is looking for).

3. Simplify your message: a simple wellness message such as Yakult’s “A healthy start to every day” will be more meaningful to consumers than a complex, medicalised message.

4. Ensure the support from opinion leaders if you introduce a new or possibly controversial benefit to the market (use science push and consumer pull).
5. Target the consumer group that will benefit the most from your health benefit/technology and which supports the philosophy of your brand (which must itself be coherent and meaningful to these consumers).

6. Make it an advantage to be new by using packaging design or product format to signal that “This is something new!”.

Yakult Honsha is a prime example of a company which created a successful brand by following all of the above guidelines (see Case Study 2). In country after country Yakult created the totally new category of “probiotic little bottles” with the new positive proposition, “A healthy start to every day”, signalled by its very different but convenient Yakult bottle.

In energy drinks the same kind of single-mindedness has been displayed by Red Bull which has become a multi-billion dollar company by successfully pioneering the new category of energy drinks in market after market with an unusual packaging format, a single SKU, an innovative approach to distribution, clear targeting of lifestyle consumers and a simple message that Red Bull “Gives you wings!”

Both Yakult and Red Bull are examples of single product, single message, single brand companies who successfully develop their new niche in country after country. In the case studies you will find these two brands as the best examples of how to successfully introduce a new brand.
FACTOR 4 IN PRACTICE: BOOTS CALCIUM WITH VITAMINS

The fourth calcium product we found in the health food store belonged to the retailer Boots the Chemist, the UK’s leading pharmacy with 100 years of heritage and one of the UK’s most trusted brands. You would surely trust them to be experts on calcium supplements.

- Identity and history: UK’s leading pharmacy – the packaging is medical and strict, reflecting “100 years of heritage”.
- Brand promise: “Our premium quality”, “2008 Vitamin awards winner”. Of course, what else would you expect?
- Brand image: UK’s most trusted brand. This is clearly the best and most trusted of all calcium products.

How could you improve the positioning?

- How could you take a motivating position without Boots’ 100 years of history and still be trusted?
- How could you make a promise that is more motivating to the target consumer than “2008 Vitamin award winner”?
- How could you compete successfully with the most trusted brand in the category?
SUMMARY – FACTOR 4: TRUST THE BRAND

1. Brand image: The image of a brand is the key to creating trust, and also the key to understanding why some functional products have been successful and others haven’t. It also explains why a functional food can be successful in one country but a total failure in others.

2. Brand identity and history: A brand with equity in health can support and revitalise its brand promise with a functional benefit. It will have a strong advantage over a newcomer in the category.

3. Brand promise: Dare to be known for “one thing”. Keep your message simple; don’t dilute it with a second message. In the marketing of health, claiming two competences will split your targeting and reduce the credibility of your message unless this combination is exactly what the target group is looking for (and combinations have thus far proven to rarely be what consumers are looking for).

Offer consistent brand communication. Marketing is no longer just about promoting an image for the product on the shelf, it is about establishing that image throughout your whole value chain and ensuring that everything you do is consistent in order to maintain consumer trust.

Now you have ticked off the most important factor – the brand trust. It is the most common reason for failure next to poor taste. So even if you have developed a fantastic concept based on Factors 1 – 3, it will be of no use unless your target consumers trust your brand to deliver the new benefit.

They will have a memory of the Identity and History of your brand.
and if the brand is well positioned they can even tell you what they think your brand’s promise is. And all of this will shape their Image of your brand. So remember that you may own the trademark but it is the consumers who own your brand, which can optimize their positioning.
The complete Four Factors concept

A brand which ticks all the boxes will be more powerful than one which just comes from a single factor.

As we said earlier, the Four Factors are like the notes of a chord on the piano. You will make the best possible sound if you hit all four – the more you hit, the more attractive your product will sound to the consumer. All the aspects of your product – practical, informational and emotional – must sit right in the mind of the consumer at the point of purchase.

That’s what US market leader Caltrate has achieved with its calcium supplement. It ticks all the boxes and commands a generous price premium in a commodity market.
Figure 8: The Complete Four Factors Concept

Balancing the Four Factors...

Need, Ingredients, Benefit and Brand

... Caltrate has created a defensible proposition which passes the seven second, seven centimetre test (see page 3).
Four Factors – two strategies

In this part we will show the Four Factors in action under two key scenarios – an **added functional ingredient** and an **intrinsic health benefit** – which represent the two major value-adding strategies at present in the market for food.

1. **The strategy of functional or fortified foods** is based on the idea of adding a functional ingredient to a processed food product. The Danone Actimel case study shows, with the help of the Four Factors, how a functional ingredient has been used to create a benefit-based brand proposition. It will give you a detailed understanding of how to develop a benefit-based positioning.

2. **The strategy of superfoods** is based on the idea of leveraging the existing consumer awareness of the intrinsic healthiness of natural food. The Innocent case study will show you how consumer interest in the increased consumption of fruits and vegetables has created an ingredient based brand proposition.
EXAMPLE 1: DANONE ACTIMEL

Groupe Danone is a well-run business, strongly focused on core brands and categories, investing heavily behind them, and then rolling them out across borders whenever it can. It makes both strategic partnerships with smaller companies with high-growth potential and astute acquisitions. Just four of the nutritional dairy brands owned by Danone between them accounted for 29% of the company’s total sales in 2007 and half of its entire fresh dairy business. How much of the total profit they account for we can only guess at, but it will be much higher than 29%.

Danone is so focused on health that it has become a pervasive force in nutritional markets worldwide and it’s almost impossible to find any aspect of nutritional dairy, water or other beverages in which Danone does not have a hand.

One of Danone’s blockbuster successes is Actimel, the world’s biggest immunity brand, marketed with the simple message that it Supports your natural defences. Launched in 1994, Actimel is a flourishing multinational brand in both Europe and South America – and now also in the US, where it is branded DanActive. Sold in 100ml daily dose bottles, it has helped create a category which did not previously exist.

Danone uses a very simple model with focus and a long-term view at its core. Not for Danone the endless changing of pack-design and marketing messages (an approach easily identified with mediocre marketing talent). What’s more, Danone is both patient and persistent. Faced with a US market that is not familiar with either
probiotics or daily-dose dairy drinks, the company has gone through a near seven year test-marketing process before making DanActive available in supermarkets nationally.

Actimel’s global marketing messages and strategies include the following:

- Communications which make Actimel synonymous with the benefits of “natural defence”.

- Problem-solution based advertising. Actimel is presented as a solution to the everyday problems experienced by everyone – those arising from hectic lifestyles and the pressures of modern life, such as feeling run-down and vulnerable to infections. Advertising reinforces that the ingredient protects and works in harmony with consumers’ own systems.

- Exclusive association of the Actimel brand with the branded ingredients *L. casei Immunitass*/*L. casei Defensis* (the names of these bacteria underline the “immunity” benefit).

- Educative material that explains to consumers the difference between “good bacteria” and “bad bacteria”, pointing out that good bacteria can help boost “natural defences”.

- Deploying advertisements with winter/cold imagery at the time of year when people suffer from colds and flu to reinforce the role that Actimel plays in natural defence.
Factor 1. Need the product

Actimel is sold in packs of 4, 6 or 8 daily dose, 100ml bottles. Actimel offers convenience – it is easy to open and quick to consume – and because of the small volume of the bottle it does not require consumers to change their morning habits at all. They can easily integrate Actimel into their daily routine. Danone says that the novelty factor of the little bottle is an important point in grabbing consumers’ attention.

- **Who needs it?**
  Many Actimel ads show that, for example, it is for mothers with younger children.

- **When do they need it?**
  “Make sure you have a Danone Actimel each morning”

- **Why?**
  Because of “the challenges you face every day, the pressures of work combined with an already demanding lifestyle.” Hence the consumer’s problem is very clearly stated.

**Solves the problem:**
*How do I give my child a healthy start to the day?*
Factor 2. Accept the ingredient

In most European countries consumers are accustomed to the idea of yoghurt products containing bacteria that are good for them, so it’s easy for them to accept the ingredient message. Actimel’s performance in Russia and the US illustrates the importance of understanding how different countries think about food. In Russia, for example, Actimel has proven very successful, despite being a very expensive item in Russian terms. It has been helped by the fact that Russia has a long history of consuming fermented foods – notably the dairy beverage kefir – so the bacteria message is well-understood by Russian consumers. American consumers, on the other hand, had no familiarity with probiotic foods and DanActive (as Actimel is branded there) had to struggle through no less than six years of test marketing before Danone finally gave the green light for a mass-market rollout. DanActive experienced a 200% jump in sales to $62 million (€41 million) in 2007, making it America’s 12th-biggest yoghurt brand. And a key to the success was a simple change of wording from the unappealing (to an American consumer) “bacteria cultures” to “dairy cultures”.

• Consumers are more interested in benefits than features (the ingredient).

• Danone makes the probiotic ingredient easier to accept by using either *L. Immunitass* or *L. casei* to describe it – ingredient brand names that help reinforce the benefit.

• Danone also invests heavily in educating consumers about what probiotics are – but always by close reference to the benefit and it always talks about the ingredient in very simple terms.

• The focus is also on a single ingredient – the probiotic – not on multiple ingredients. One ingredient is all that modern consumers have time to understand.
Factor 3. Understand the health benefit

Actimel is positioned on a simple wellness message, that it *Helps strengthen your natural defences*. Due mainly to Danone’s consumer education efforts, Europeans have become very familiar with the health benefits of consuming probiotics. And compared to traditional gut health messages related to probiotics, Danone’s immunity benefit is appealing to a wider consumer audience since it combines the prevention message with its wellness promise. Danone has also stimulated belief in the physical benefit of its product by launching “trials campaigns” where consumers are promised their money back if they don’t feel the effect after 14 days. In some countries, such as Spain, Actimel’s biggest European market, Actimel has over 36% household penetration.

There are many ways to communicate the benefit

3.1. A physical benefit
3.2. An intellectual benefit
3.3. A lifestyle benefit
3.4. An emotional benefit

3.1. A physical benefit: It feels good
3.2. An intellectual benefit: I understand why it feels good

3.3. A lifestyle benefit: it makes my life easier

• It is very convenient, it fits the demands of my lifestyle.

• It solves my problem (what should I give my child to stay well so that I can get the best out of life).

• This message is reinforced by messages in Actimel TV advertising, as seen in the image on the left.

3.4. An emotional benefit: It makes me feel good to choose this product
Feel the benefit: the Actimel challenge

Consumer challenges are an important credibility-building communication tool and Danone has actively used them in its marketing mix, such as the ‘2-Week Actimel Challenge’.

Challenge: drink one bottle of Actimel each day for two weeks, money-back-if-not-satisfied.

A direct and personal invitation to consumers to prove the product and health proposition wrong.

Factor 4. Trust the brand

Danone’s brand equity varies across Europe. On the one hand the Danone brand is well-known and the market-leader in Italy, France and Spain, which are historically the company’s core markets. In Scandinavia and the Netherlands, on the other hand, the Danone brand does not have such brand equity. Actimel has tended to perform best in the countries – such as Spain – where Danone can best leverage its brand name and distribution.

Does the consumer see the brand as a credible carrier of the benefit being claimed?

Does the brand have value and credibility in this format?

Danone is leveraging an old trusted brand that has long been associated with healthy dairy products.

But if you have a new brand you have to build up trust over time – and you need to have a long-term communication strategy to achieve this.
EXAMPLE 2: INNOCENT DRINKS

When UK beverage company Innocent Drinks was founded, less than 10 years ago, its three founders were twenty-somethings with no experience of the food and beverage industry, no technical know-how and a short career span that meant they were still very much inexperienced in business. What they did have – naively, innocently – was a desire to make and sell fruit drinks made with fruit and nothing else. Such drinks were unavailable in UK supermarkets at the time.

Needless to say, they were told that they couldn’t succeed; that such a business would never be profitable; that technically it was too difficult; that the issues of managing short shelf-life and of creating a new brand in a crowded market – with no experience – would destroy them. They had no science and no patents – and we all know how obsessed would-be investors are with patents and unique science-based points of difference. The trio paid no heed to the warnings and within a decade their business has gone from zero sales to, at its height, over $250 million (€187 million) at retail values in the UK alone.

Although economic downturn is today hitting Innocent’s sales, its brand strength and the strength of its communications means the brand will survive recession and remain a €100 million + brand.

Innocent’s path to smoothie success includes:

• making “no added anything” a cornerstone of the business
• connecting to fruit’s power as a naturally and intrinsically healthy foodstuff.
• maintaining its ethical principles
  - The first soft drink company to launch a 100% recycled plastic bottle
  - The Big Knit campaign in Sainsbury’s supermarkets, which
raises money for Age Concern
- Buy one grow one tree - ethical promotion
- The Innocent Foundation, which supports communities in
countries where Innocent sources its fruit

Innocent Drinks markets “naturally functional” fruit drinks, based on
intelligent and appealing fruit combinations, and until recently had to
rely on product sampling, some quirky and amusing label copy, word of
mouth and the outstanding taste profile of its product as the sole way
of marketing the brand. This all was accomplished with just a fraction
of the resources available to larger companies. Their company was a
classic three-men-in-a-shed start up with enough money to survive a
year or so. So perhaps lack of resources is no real barrier to those with
a good and simple idea.

What the founders of Innocent were able to do – and what executives
of many companies do less well – is to see the world as consumers
actually see it, and not as they would like consumers to see it.

Innocent has connected exceptionally well to fruit’s power as a naturally
and intrinsically healthy foodstuff. Natural and intrinsically healthy is
the most powerful message you can deliver to modern consumers and
hence naturally healthy is fast becoming the biggest strategy in the
global nutrition business.

INNOCENT: A FOUR FACTORS ANALYSIS

Factor 1. Need the product
Innocent drinks are ‘nothing but nothing but fruit’ – 100% natural,
‘fresh’ and delicious. They are a very convenient way for people to do
themselves some good: getting one of their five-a-day plus all the added
benefits of whole crushed fruits. Making healthier easier was one of
Innocent’s first straplines. Innocent started by launching its product in
a 250ml format in convenience channels to fit into people’s lifestyles,
targeting the better-off, more health conscious busy young urbanites who do not want to compromise on taste. Innocent followed this with a 1 litre pack only after a loyal customer base was established. This pack format also appeals to families. The brand strongly resonates with consumers who have a holistic approach to health including ethical principles.

**When do they need it?** “We wanted people to think of Innocent drinks as their one healthy habit; like going to the gym, but without the communal shower afterwards,” says Innocent. An Innocent smoothie is a meal on-the-go. They are usually consumed at breakfast or lunchtime.

**Why?** Innocent’s proposition was first developed for people with busy lifestyles, who felt their diets were far from being healthy and who wanted something healthy each morning as they commuted to work. Since then, with increased awareness of the importance of getting your five-a-day, people buy the drink as a convenient way of getting one or two portions of fruit a day, delivered in the most natural and convenient way.

Innocent Smoothies, an easy and tasty way to get your daily fruit

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**Fruit and veg. As easy as...**
Factor 2. Accept the ingredient

Fruit: All-natural, simple ingredients which are universally accepted as healthy. Innocent has connected exceptionally well to fruit’s power as a naturally and intrinsically healthy foodstuff. Innocent built further on this idea by launching a superfood smoothie range with exotic fruits such as Pomegranate, Acai and more recently Goji and Yumberries, educating the consumer about the specific health benefits of each ‘super’ fruit.

- Innocent has educated consumers about the goodness of the whole crushed fruits (with fibres, more antioxidants) versus traditional ‘squeezed’ juices in their 2007 telly ad.

- Nothing but nothing but fruit is Innocent’s creative idea which embeds their 100% natural fresh fruits point of difference from traditional juices (usually made from concentrate and with added sugar).

- Innocent communication has been focusing in 2008 on what makes their drinks special. It highlights their holistic approach to health i.e. ethically sourced natural ingredients squeezed into a 100% recycled bottle. All these elements are critical to maintain interest among their consumer target and live up to their ethical principles.
Naturally healthy is the most powerful message you can deliver to modern consumers and hence is becoming the biggest strategy in the global nutrition business.

Innocent was also the first to launch a 100% recycled bottle and gained green credibility on its large pack through its quirky ‘buy one grow one tree’ promotion.

**Factor 3. Understand the health benefit**
Everyone knows that fresh fruit is good for them. An Innocent smoothie delivers one of your recommended 5-a-Day in a very convenient format and provides 150% of your RDA of vitamin C while tasting delicious. By offering a superfruit range, Innocent have leveraged the superfruit trend at a time when early adopters were receptive to understanding that some fruits are richer in nutrients than others e.g. pomegranate, blueberries.

Innocent has delivered particularly well on the emotional benefit through their strong ethics and quirky ways of promoting those (The Big Knit, Buy One Grow One Tree, Made by Nature).

Innocent builds relationships with its consumers through cleverly encouraging them to join the ‘Innocent family’. Consumers receive Innocent news, are able to post things on the website and comment on the latest flavours, can have a day at Fruit Towers – Innocent’s offices – and take part in various charities.

There are many ways to communicate the benefit:

1. A physical benefit
2. An intellectual benefit
3. Lifestyle benefit
4. An emotional benefit
3.1. **A physical benefit:** it tastes delicious and healthy because of the thick texture which conveys a feel that a lot of fruits have been crushed in.

– Each Innocent smoothie contains over three-quarters of a pound of fruit

3.2. **An intellectual benefit:** I understand that I get my daily fruit intake and that I am also buying into Innocent’s ethical values

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**Ingredients**

- 9 crushed strawberries
- 1 1/2 pressed apples
- 1 1/2 mashed bananas
- 1/2 a squeezed orange
- 5 pressed red & white grapes

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**The Four Factors**

- Keeping things natural
- Responsible ingredients
- Sustainable packaging
- Resource-efficient business
- Sharing the profits

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**Buy one, grow one tree**

Thanks for helping us plant over 86,000 trees. Find out more about the project here.

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**Treeometer**

86,979 trees registered so far. Tree registered by Richard Turvey.

- 20,000
- 10,000
- 5,000
- no trees

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**How it works**

Walk in the woods with The Tree Council. Find a tree, guided and walk it near you.

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grow me a tree  how it works  walk in the woods  get a virtual badge  innocent & sustainability  virtual forest  using terms & conditions
3.3. A lifestyle benefit: it makes healthier easier

the innocent way to 5-a-day...

One portion of fruit
Each one of our kids wedges (or 140ml serving of kids smoothie) contains one whole portion of fruit. There’s no easier way of getting fruit into a kid.

Two portions of fruit
One of our 250ml bottles contains two whole portions of fruit. Click here to find out more about our smoothies and portions.

Three portions of veg
Three whole portions of veg in one pot. Eat one of these and then drink a smoothie and that’s five portions taken care of. As easy as.

3.4. An emotional benefit: It makes me feel good about my choice since the drinks are natural and ethical. They make me smile with their silliness. I feel part of the Innocent family.
Factor 4. Trust the brand

It is consistent positioning that has helped the Innocent brand of smoothies grow, since its launch in 1998. The brand’s success comes in large part because of a consistent focus on being “the all-natural smoothie expert” – the brand with no added ingredients, preservatives or flavours, that’s a “natural functional food”, in the words of co-founder Richard Reed.
PART II
CASE STUDIES - THE FOUR FACTORS APPLIED
Introduction

This section provides 10 case studies of brands, each one analysed using the Four Factors model. The categories covered by these brand case studies include:

- juice
- dairy
- soy
- breakfast drinks
- cookies
- breakfast cereals.

They are divided into two groups: Successes and Failures. By successes we mean products that have endured and become leaders in their market.

The first three – Benecol, Yakult and Anlene – are examples of expert brands targeting a medical need with a clear benefit. The following two – Red Bull and Silk – are examples of lifestyle-driven brands where the brand connects to beliefs and attitudes of its target group. The final two success stories – Emmi Energy Milk and Up&Go – are examples of mass market brands that have created new segments by connecting to the changing lifestyles of their consumers.

You may note that all the Success case studies are examples of brands that have created new segments or even new categories.

To contrast with these we have selected three examples of Failures. By the term “failure” we mean products that were withdrawn from the market because sales failed to meet expectations, by admission of the companies concerned.
The 10 case studies are:

**The Successes**

**Technology/medically-led brands**
- Case Study 1: Benecol
- Case Study 2: Yakult
- Case Study 3: Anlene

**Lifestyle-led brands**
- Case Study 4: Red Bull
- Case Study 5: Silk soymilk

**Mass-market brands**
- Case Study 6: Emmi energy milk
- Case Study 7: Up & Go breakfast drink

**Learn from the failures**
- Case Study 8: Novartis Aviva
- Case Study 9: Emmi Co-enzyme Q10 dairy sports drink
- Case Study 10: Delamere Dairy Dancing Daisy

The graphics on pages 24 and 25 show the positioning of the brands in these case studies.
Case Study 1: Benecol

Finnish feed, food and ingredients giant Raisio was the company that first developed plant sterols into an ingredient that could be included in food products, launching a spread under the brand name Benecol back in 1995. The spread carries a cholesterol-lowering claim in Finland and is supported by multiple clinical studies.

Raisio has enjoyed all the advantages – and all the challenges – of being the company that was first to market. In the early days the company saw its share price soar 500% in one year as international investors piled into the stock in expectation that cholesterol-lowering foods would become a “billion dollar business” by 2001. But the investment bank that made that forecast in fact over-estimated the market by 900%. The company then had to endure its share-price falling almost as far, as it became apparent that Raisio’s commercialisation partner, McNeil (part of the Johnson & Johnson Pharma Group), had bungled its Benecol strategy.

Raisio learnt from the mistakes of the early days and re-oriented its strategy. Today Raisio works with companies that have strong brands, strong distribution and strong marketing skills in a particular country or region, and they in turn use the brand name Benecol as part of the brand name for the cholesterol-lowering products that they market.

Raisio also concentrates on the dairy industry for its partnerships, and it has been blessed by its choice of partners: Emmi, for example, the Swiss dairy group, can take the credit for the innovation which has wrought the single-biggest transformation in the fortunes of Benecol, the launch of a 70ml daily dose dairy drink. In its first year in European countries 100 million bottles were sold, equating,
by our estimates, to over €100 million ($134 million) in retail sales.

Raisio’s strategic shift has paid dividends and today Benecol is second only to Unilever’s Pro.activ, the biggest cholesterol-lowering brand in the world, with retail sales (mostly in Europe for now) of $250–$300 million (€160 million–€192 million).

Benecol, a brand which was once a by-word for functional food disappointment, is now a success story in its niche.

**BENECOL: A FOUR FACTORS ANALYSIS**

1. **Need the product**
Benecol, the sterols-based cholesterol-lowering brand, was the creator of Europe’s market for cholesterol-lowering foods when it debuted in 1995 in the spread category. Benecol spread was a mainstream product which offered no food benefits compared to any of the many brands of spread in the dairy chiller cabinet. There was no convenience factor. No novel packaging. In short, no differentiation from any other brand except the cholesterol-lowering claim.

One of the factors which has enabled the Benecol brand to improve its performance was that instead of relying on spreads Raisio and its partners massively increased the convenience benefits of the Benecol brand, going on to create a new category, that of daily dose cholesterol-lowering drinks. The Benecol brand now earns over $280 million (€179 million) in retail sales a year (by one industry estimate) Europe-wide. Benecol’s serious positioning and its appeal to the most health-conscious niche has seen it earn the title of the “expert in cholesterol-lowering”.

2. **Accept the ingredient**
The functional ingredients – plant sterols – were completely new
and unknown to consumers everywhere in the mid-90s. In marketing communications McNeil didn’t hesitate to talk about plant sterols, breaking the basic rule of food and health marketing which says that consumers need time to get familiar with ingredients before they accept them. In other words, McNeil was looking for instant acceptance when it had a long-term consumer education job on its hands.

3. Understand the health benefit
Ultimately Raisio has had to accept that Benecol’s benefit – cholesterol-lowering – is of interest only to a niche of consumers. If your cholesterol level goes down you don’t feel any different. Contrast this with probiotic yoghurt drinks like Yakult (Case Study 2) and energy drinks like Red Bull (Case Study 4).

This means that Benecol, just like everyone else competing in cholesterol reduction, must create an intellectual benefit ie a ‘reason to believe’ that helps you monitor the reduction of your cholesterol level. Hence the strong need to connect a biomarker like cholesterol to simple testing devices or testing opportunities as a way to both be aware the problem and see the result.

4. Trust the brand
A low level of general acceptance and understanding of the ingredient or the health benefit creates a need for a high level of consumer trust in the brand. Like Yakult in digestive health. Benecol is a brand that has had the virtue of staying focused, offering the same benefit, based on the same ingredient, consistently for many years.
Case Study 2: Yakult

If you want to understand how to succeed in functional and health-enhancing foods there is one company more than any other that you can learn from: Yakult Honsha. Although its strategy has been evolving since 1955 and it sells almost 24 million bottles of its flagship product every day – in 28 countries around the world, a number forecast to reach 46 by 2011 – there are still many in the West who don’t comprehend the universal truths to be found in “the Yakult way”.

Sold on an intestinal wellness message and first launched in Japan in 1955, the company’s flagship 65ml probiotic fermented milk drink, made with *L. casei Shirota* and its variants, earned worldwide sales of over $1.5 billion (€1.12 billion) in the year to 31 March 2007 – around 65% of Yakult Honsha’s total sales. Selling its products in the same flavour and pack design everywhere in the world, with the same benefit message – digestive health – Yakult has done more than any other company to prove that when it comes to food and health there are more similarities between people around the world than there are differences, and in so doing has demonstrated the universal consumer appeal of the digestive health message.

**NO LET-UP IN EUROPEAN AMBITIONS**

After 13 years of marketing in eight European countries, Yakult sells only around 800,000 bottles a day.

The combined effects of Europe’s low-growth food market, intense local competition from major European dairies – such as Danone’s Actimel – and a lack of access to distribution, has resulted in the Yakult brand holding only a very minor market position in most countries. In some markets, such as the UK, sales have actually
gone backwards over the last two years. However, it’s clear that Yakult is keen to turn that situation around and added a new product, the probiotic milk drink Bifiene, to its range in Europe in 2007 as well as increasing its advertising investments.

**THE POWER OF DIRECT SALES**

Perhaps one of the key differences between Europe and Yakult’s other markets, which perhaps explains the difference in performance between Europe and elsewhere, comes down to distribution strategy – and in particular to the power of selling direct to consumers.

Founded in 1963, the Yakult Ladies are the supporting pillars of Yakult’s sales of its probiotic dairy products. The Yakult Ladies are salespeople who deliver products in person to homes and offices, taking the opportunity of these face-to-face visits to educate customers about the benefits of probiotics. It is a system which has proven much more effective than advertising in getting across the benefits of drinking Yakult and, as the company itself says, this type of face-to-face communication builds trust.

In Japan there are more than 45,000 Yakult Ladies and they accounted for 62.1% of the company’s sales of Yakult dairy products in the year to 31 March 2007. Supermarkets, convenience stores, vending and other channels accounted for 37.9%, a ratio that has changed little since the 1990s.

The Yakult Ladies system has been copied to a greater or lesser extent
in many of the countries in which Yakult operates and today there are more than 35,000 worldwide.

In China, for example, Yakult sells through 500 Yakult Ladies – as well as 10,000 stores – and, the company says, “The Yakult Lady home delivery channel will be the major sales channel in achieving our targets [in China and India]”.

Given the success of the Yakult Ladies elsewhere, that aim isn’t surprising. In the Americas, for example, there are 13,200 Yakult Ladies who are identified as key to the company’s success in countries such as Brazil and Mexico. And there are 21,870 Yakult Ladies in Asia outside Japan. Yakult has plans to increase their numbers and their role.

In Europe, by contrast, where Yakult Ladies are unknown, sales growth has lagged behind. More than anything else, the difference in performance is a testament to the power of direct communication to consumers – something that other nutritional brands have discovered.

Many companies are wrestling with whether they can make one brand a credible provider of more than one health benefit – with, for example, one product variant for gut health or another variant under the same brand for bone health. By contrast, the Yakult way of offering just one brand with one clear health
benefit (intestinal wellness), such that the brand can become “the expert in gut health”, gives a focus that enables the company to concentrate all its resources on this single goal.

YAKULT: A FOUR FACTORS ANALYSIS

1. Need the product
Positioned as “A healthy start to every day”, Yakult is sold in 5- or 7-packs of daily dose bottles. The product offers convenience – it is easy to open and quick to consume and, because of the small volume of the bottle (65ml/3.3oz), does not require consumers to change their morning habits at all. They can easily integrate Yakult into their daily routine, making it, from a retailer’s point of view, a true incremental purchase.

2. Accept the ingredient
Yakult has kept its message in advertising to a simple one about “friendly bacteria”. Throughout Asia, South America and Europe consumers have grown accustomed to the idea of yoghurt products containing bacteria that are good for them, so it’s easy to accept the ingredient message.

3. Understand the health benefit
Yakult played a significant role in developing European consumers’ intellectual understanding of the probiotic benefit, and how probiotic bacteria can help improve or maintain intestinal health, through its ongoing consumer communication. An advantage that probiotics have is that consumers with intestinal health problems will either feel the physical benefit very quickly – their stomach upset goes away – or they will not. If people can feel the benefit then it is easier to understand it.
4. Trust the brand

When Yakult first entered Europe in 1994 its brand was entirely new and unknown to consumers. So the company set out to reassure consumers by reminding them in advertising and communications, as it still does, that Yakult is consumed daily by “24 million people in 28 countries worldwide”. Yakult also commits itself to a long-term communication effort to build recognition and trust in its brand providing consumers with useful information about a very private problem – intestinal health – and positioning itself as the expert in dealing with that problem.
The Four Factors
Case Study 3: Anlene

Milk matters in New Zealand. Fonterra, New Zealand’s main exporter of dairy products, is the country’s biggest company and by itself accounts for 20% of New Zealand’s export earnings. Although much of Fonterra’s sales are in commodities, a significant and growing proportion of its profits comes from branded health-based products, marketed by its Fonterra Brands unit.

One example is Anlene, a brand whose marketing is a classic case study in how to “get it right” in the nutrition business. With retail sales in Asia at the $300 million (€190 million) mark and an average 75% share of the high-calcium milk market, Anlene is reaping the reward of its decade-long, single-minded focus on being an “expert brand” – in this case, the “expert in bone nutrition”.

Anlene is a low/no-fat calcium-fortified milk powder – in fact it was originally going to be called “Anlean” to reflect its low fat content, but research found that the word was too difficult for the target consumers to pronounce. Its target consumers are usually people over the age of 25 who are concerned about their bone health and understand the benefits of maintaining and protecting their bones while they still can.

According to Sam Ahmed, Anlene global brand director, a few key developments have brought the brand to where it is today.

“The company has invested in Anlene to make it grow top line and bottom line,” he told industry journal New Nutrition Business. “We significantly increased research both in terms of science and consumer insights. We invested in consumer insights in all the key markets.”

“We took the science to consumers and asked them their views on the science and the benefits you’d expect from that science. Those insights resulted in the development of an innovation pipeline that is a mixture
of consumer insight and science and enables us to ensure that science is commercialised and communicated in consumer terms.”

Fonterra also refined the brand’s positioning: “Every milk in the world is about strong bones,” observes Ahmed, “but our competitive advantage is expertise. We have moved the brand position from ‘growing strong bones’ to ‘expert in bone nutrition’.” This new tagline is reflected in every aspect of brand strategy.

Since the mid-1990s Anlene Teams – consumer education teams, made up of trained health professionals – have visited clinics, supermarkets and shopping malls where they set up bone scanning machines and offer free bone scans to passers-by.

To support the brand’s position as “the bone health experts”, Anlene Teams visit shopping malls and provide a free bone scan to anyone who wants it. People who have a scan get a one-to-one consultation with a dietitian, an information booklet about bone health and a sample of Anlene. Anlene has carried out 15,000 bone scans in Malaysia alone and across the whole of Asia has provided more bone scans than the entire region’s hospital system!

This picture shows scanning in progress at a shopping mall in Taipei, Taiwan.
Anlene’s variants include: Anlene Gold for consumers aged 51+, Anlene Actifit for people under 50 and Anlene Plus, a low-lactose product.

The bone scan is a measure of bone-mass density and it’s a safe and reliable way for people to find out about their bone health. The Anlene test includes an interpretation of the results by a health professional as well as nutrition counseling and people are also given product samples.

The Anlene Teams pioneered the practice of demonstrating to consumers the health benefit of consuming a product and this approach provided the model on which all subsequent efforts – such as the cholesterol-testing offered in Europe by brands like Flora Pro.activ – have since been based.

The Anlene Teams have conducted hundreds of thousands of bone scans and across Asia the company is thought to have carried out more bone scans than the entire region’s hospital system, generating a huge amount of data about bone health that has been shared, free of charge, with health professionals.

“We have now scanned 1.3 million people in the last 15 months in 15 countries,” said Ahmed. “We’re educating millions of consumers
about bone health. We need to educate millions if we’re to take Anlene to another scale.”

Communications to health professionals are another important underpinning of Anlene’s credibility. Across Asia the company’s 50-strong team of health professionals – all trained dieticians and nurses – visit doctors, clinics and other health professionals and interact with regulators.

Marketing a high-calcium milk is one of the most difficult things a marketer can try to do. There’s no technical advantage – any competitor can launch an identical product – and many consumers believe that regular milk is already high in calcium. Moreover, the benefit – improved bone health – is not one that the customer can see or feel, in sharp contrast to probiotic products for digestive health, where if the product works the benefits can be felt quickly and easily. That one brand can overcome all these obstacles so successfully – and all at a premium price – is the result not only of having a clinically-proven product that actually works, but more importantly a sophisticated, focused, long-term consumer communication effort backed by significant marketing funds.

ANLENE: A FOUR FACTORS ANALYSIS

1. Need the product
Anlene is a low/no-fat calcium-fortified milk powder and the brand is focused on a core target of women aged 40 and over, to whom bone health is very relevant. Originally marketed as a milk powder, Fonterra Brands has worked steadily to improve the convenience score of its Anlene brand, introducing ready-to-drink versions. The best example of this is the Anlene Concentrate “daily dose” extension of the brand. Concentrate offers half of a person’s daily needs of calcium in an extremely convenient shot of just 110ml (a technological innovation
in that it’s both effective and tastes good). The effect of this innovation has been to make Anlene the market leader in its segment in the Thai market, driving both an increase in volume and value, and open the door to more opportunities throughout Asia.

2. Accept the ingredient
Calcium is one of the most widely recognised and understood ingredients. It is also easy to accept a dairy product as a naturally high source of calcium – for 50 years dairy industries worldwide have marketed their products as such.

The “Anlene Movement” is a series of walking and dancing events that emphasise Anlene's role in a healthy lifestyle.
3. Understand the health benefit
As a result of decades of communication, the link between calcium and osteoporosis prevention is very widely understood. Consumers know calcium to be a nutrient that is vital for normal and healthy bone development.

But what has made Anlene stand out among nutritional brands, worldwide, is the way the brand has always worked to establish its bone health benefit in the mind of consumers. Since the mid-1990s Anlene Teams – consumer education teams, made up of trained health professionals – have visited clinics, supermarkets and shopping malls where they set up bone scanning machines and offer free bone scans to passers-by.

The culmination of this huge investment in education is the Anlene Movement, a series of walking and dancing events that underscore that the brand is about activity in a healthy and positive lifestyle. In Indonesia, for example, 56,000 people took part in 11 walkathons and another 22,000 have taken part in mini-walkathons in hypermarkets and shopping malls.

4. Trust the brand
The consistent positioning of the Anlene brand and the consistent marketing support it has enjoyed since 1991 have over time resulted in the brand being seen by Asian consumers as the “expert brand” – the one that has the most credible promise. As a result Anlene is able to maintain sales growth at premium prices, even in price-sensitive markets and even in markets where regular commodity milks have seen sales declines.
Case Study 4: Red Bull

Red Bull created and defined the energy drinks category in the West, giving birth to a business worth $10 billion (€7.5 billion) in Europe and the US, where Red Bull still holds an impressive 60% market share, over 20 years after its first launch in a Western market (in Austria, in 1987).

The launch of Red Bull and the growth of the energy drinks category is one of the very best examples of new category creation. For a company that goes about creating a new category in the right way, with a consistent and long-term approach to business, the rewards are phenomenal – an enduring dominance of the market and higher-than-average market prices and profits.

Red Bull is without doubt the most widely consumed energy drink and it has grown to be one of the world’s best-known brands. It’s worth remembering, however, that when it first debuted in Europe and the US, it was widely dismissed as a passing fad that was unlikely to succeed.

But Red Bull has focused for 20 years on being the “expert brand” of the energy drinks category. The company has avoided the trap of endless product proliferation and the temptation of adding new benefits. Red Bull’s “gives you wings” message has never changed, nor has its distinctive pack design changed since the original 1987 launch in Austria. Red Bull is marketed in most markets in just two SKUs – original and sugar-free cans – meaning the brand is ultra-focused.

Red Bull carefully identified that its brand positioning lay in supporting the night-clubbing lifestyles of young people, people who needed an energy boost to keep them partying all night long. The image of any lifestyle product must be congruent with the self-image of the lifestyle consumer.
The attraction of the lifestyle consumer segment is that if the image of the product (the packaging) and the benefit fit these consumers’ self-image they are willing to pay premium prices. By contrast the mass market – the other 80% of consumers – will not pay high price premiums.

The lifestyle segment is, however, a beachhead into the mass market. As Red Bull has shown, by establishing a loyal customer base in the premium lifestyle segment, a brand can evolve into the mass market, since brands that have lifestyle appeal eventually become aspirational for mass-market consumers. Think of the apparel industry, where in many countries brands such as Burberry and Tommy Hilfiger have become aspirational for people whose incomes and lifestyles are very different from those portrayed in the brand’s marketing.

**BULLISH MARKETING SPENDS THE KEY**

Red Bull may have kept NPD to a minimum – introducing only a sugar-free version, multi-packs, and in 2007 a 375ml version of its 250ml staple product that’s particularly popular with motorists – but its marketing spend is huge and dwarfs all its competitors’. In the UK alone, Red Bull spent £24 million ($47.4 million/€30.4 million) in 2007 compared with the £8.5 million ($16.8 million/€10.8 million) that rival GlaxoSmithKline had ear-marked for its competing brand Lucozade Energy.

Sampling on a massive scale in all the places where its target consumers can be found has been key to building the Red Bull brand. As well as positioning a sales force targeting hot night clubs, convenience stores, gyms and college campuses, Red Bull has established non-conventional distribution systems such as hiring college kids to load up vans and deliver the product. The brand has also capitalised on word-of-mouth created by bar-goers and on the buzz generated by celebrity devotees, such as actor Leonardo di Caprio.
Red Bull holds on to the No.1 position in the US not through product innovation but through momentum and, of course, its nearly ubiquitous promotion of sports, motor-sports, music and other events, as well as branded advergaming and advertising in traditional media.

Can anyone challenge Red Bull’s position now? None of the hundreds of me-toos scattered around the world’s markets has been able to threaten Red Bull’s global dominance and that situation is extremely unlikely to change in the future. Red Bull remains dominant in the marketplace because it is dominant in consumers’ minds – it is the energy brand, a status it achieved with a simple, uncompromising and consistent positioning.

**RED BULL: A FOUR FACTORS ANALYSIS**

1. **Need the product**
   Red Bull’s primary selling point is its energy benefit. But the product is also packaged in a can which, when it was first launched in Austria in 1987, was new and innovative. The can also has a striking and attractive design. The innovation of the packaging matters, since Red Bull is a lifestyle product and is bought by people who use it to support their hectic lifestyle. The image of the can they hold in their hand in a social situation also matters, since its image is part of their lifestyle self-image.

2. **Accept the ingredient**
   Caffeine and the amino-acid taurine are by now widely accepted by consumers as energy-giving ingredients. Something of a mythology has even grown up around taurine, with one popular urban myth describing it as derived from bull’s testicles.
3. Understand the health benefit
Having energy or feeling energetic is one of the most basic self-descriptions of wellness in health psychology. In an increasingly time-pressed society energy is identified again and again in consumer research as something which consumers wish they had more of to cope with their stressful lives. In the case of Red Bull the energy message is specifically relevant to the core consumer group – young people out partying or nightclubbing who want to have enough energy to keep enjoying themselves all night long. For them the energy message – *Red Bull gives you wiiings!* – is about supporting their lifestyle.

4. Trust the brand
Red Bull was a new and unknown brand when the concept was first launched in Europe (although it had been established in Thailand and Malaysia for some time). Red Bull GmbH overcame this lack of brand familiarity by investing massively in consumer communications – particularly sampling of the product. When people drank Red Bull they quickly felt the benefit and were willing to incorporate it into their lifestyles since it gave them a real benefit they could feel and which they thought they needed. And so Red Bull has progressively built itself into a major, instantly recognised global brand, worth more than $5 billion (€3.7 billion) in annual retail sales.
Case Study 5: Silk

The story of Steve Demos and his company White Wave is a classic story of an entrepreneur in health on a par with the story of Dietrich Mateschitz, founder of Red Bull.

In the 1970s Demos was committed to the philosophy of health foods that was then beginning to grip America. After running a series of vegetarian foods businesses in Boulder, Colorado, he formed White Wave, specialising in making tofu, soy milk and other soy products, in 1977. The company grew slowly for these were the years when soy foods were a tiny niche market which was still the preserve of early adopters – the person who drank soy milk, for example, because they were lactose intolerant. In 1996 White Wave had sales of just $6 million (€4.5 million). Then Demos hit upon a bright idea, one which would lead to the creation of a whole new category.

FRESH POSITIONING CHANGES SILKS’ FORTUNES

Demos’ innovation – an innovation in packaging and distribution – transformed the US soy milk industry. In 1996 White Wave pioneered the concept of selling its Silk soy milk brand in the refrigerated dairy case, alongside cow’s milk products, and in familiar milk cartons. It was a paradigm shift as dramatic as, say, the rise in sales of fresh-squeezed orange juice in a category that had centred around frozen concentrates for decades.

“Up until then, the competition had positioned soy milk as a shelf-stable, nutritional beverage that you never saw as fresh food,” Demos told industry journal New Nutrition Business in an interview. “But the consumer perception of the value of [soy milk] increased when they began to see it as a fresh product.”

White Wave’s sales rose 37% between 1996 and 1997 to $8.2 million. Then, as the soy industry’s communication to consumers about the
health benefits of soy began to take hold and the US Food & Drug Administration (FDA) moved towards approving a heart health claim for soy protein, White Wave embarked on a national distribution plan for its brand and Silk’s sales exploded.

White Wave surged to the front of the pack of all soy milk brands, with a mammoth $130 million (€97 million) in sales in 2001, or 72% of the refrigerated market.

Demos puts Silk’s success very simply: “The market was ripe, there was nobody present and we had all the elements.”

PRICING & DISTRIBUTION

To ensure that White Wave could grow fast enough to meet demand the company set up three manufacturing facilities, located in New Jersey, Utah and Colorado. From these locations the soy milk is trucked to five major dairies across America that package Silk. All five were chosen as
partners because Silk could be an important part of their volume and they also have the chill chain and the sales organisations to keep Silk in the dairy case in their local supermarkets. Soy milk is, of course, sold at a substantial premium to cow’s milk.

While much of the world’s dairy industry spurns involvement in competing non-dairy categories, America’s biggest liquid milk company, Dean Foods, decided to take the bull by the horns in 2002 and at a stroke became the biggest player in America’s soy milk market when it bought Silk.

**SILK: A FOUR FACTORS ANALYSIS**

**1. Need the product**
By the mid-1990s flavour and texture improvements had made soy milk increasingly palatable to a small but growing number of consumers. When White Wave put its Silk soy milk into the dairy cabinet it offered, for the first time, the familiarity of a refrigerated drink with a fresh image, just like cow’s milk. Silk also adopted a familiar carton, the same as those used for cow’s milk. So Silk became accessible in the place where consumers normally shop for milk, in a familiar type of package, and in the place where, if a consumer was thinking about experimenting with an alternative to cow’s milk, it was going to catch their eye. No change in consumers’ shopping habits was required – hitherto soy milk had only been sold in shelf-stable form and in a different part of the store. To buy it consumers needed the motivation to go and find it.

**2. Accept the ingredient**
Once regarded as a bad-tasting food for health freaks, soy milk became increasingly accepted by a small but significant – and growing – group of consumers largely thanks to a decade-long PR campaign by the US soy industry and the resultant positive attention in the media.
3. Understand the health benefit
The US soy industry’s decade-long press communication built awareness of soy’s health benefits. This was underscored for many consumers when the US Food & Drug Administration (FDA) approved a heart health claim for foods containing soy protein. This claim was a reassurance for many consumers – health claims are a more credible and trusted way of learning about the benefit for American consumers than for Europeans, though their role should not be over-emphasised.

4. Trust the brand
Silk was pretty much an unknown brand in 1996, but it was also the only refrigerated soy milk, and therefore a new category creator. However, Silk performed well in terms of the other three factors and this has helped the brand become so trusted by consumers that it is today the world’s biggest organic brand.
Case Study 6: Emmi Energy Milk

Swiss dairy group Emmi is no giant. The company may be Switzerland’s biggest cheese producer but it is, overall, only the third-biggest dairy group in Switzerland – a country with just 7.2 million people – and it ranks at number 91 on a Europe-wide level.

Emmi has proven itself to be a notably successful innovator in products and in brand development. For example, its Aktifit brand of 100ml probiotic dairy drinks is the number one seller in this category in Switzerland. In fact Emmi actually created the probiotic “little bottle” dairy drink category in Switzerland and has successfully fought off new entrants. Even Nestlé, with its rival LC1 Go! product, has been unable to make much headway against Aktifit.

In the late 1990s Emmi turned its attention to the ready-to-drink flavoured milk drink sector. Historically this was a very small niche, accounting for just 1.5%-2% of all liquid milk sales. Instead of ready-to-drink products Swiss consumers tended instead to flavour milk themselves, at home, using flavoured powders from powerful brands such as Novartis-owned Ovomaltine and Nestlé’s Nesquik.

Not only that, but the milk market wasn’t as health-oriented as in other countries. For example, just 2% of the Swiss drinking milk market is skimmed or semi skimmed product. An amazing 98% is whole milk. In countries such as the U.K. or Netherlands, by contrast, semi-skimmed and skimmed dominate.
STRATEGY

Emmi created an innovative milk product with a health proposition – energy – that was entirely new to the flavoured milk category and delivered it in an unusual packaging format, so creating an entirely new segment within the Swiss liquid milk market.

PRICING & DISTRIBUTION

Food retailing in Switzerland is dominated by two supermarket chains – Migros and Coop – who control almost 70% of the market between them. However, in line with changing lifestyles, convenience stores and forecourts are increasing in number and penetration. For on-the-go products convenience stores and similar channels are vital for success and Emmi made sure that its milk was stocked in these as well as in supermarkets.

Emmi Energy Milk is priced at a premium of 30% to “regular” products at CHF1.40 ($1.18/€0.88) per 330ml pack.

MARKETING COMMUNICATIONS

Since the launch of Energy Milk in 1998 Emmi has invested heavily and consistently to support its brand, one example being its link with Swiss celebrity and popular singer “DJ BoBo”.

RESULT: SUCCESSFUL LIFESTYLE BRAND POSITIONING

Emmi has succeeded in creating a new segment of the Swiss flavoured milks market and is said to have grown the flavoured milks niche by 50% since 1998 – and it has done so at a premium price. It has done this by:
• creating a brand with a very clear and easy-to-understand brand positioning

• offering a new easily-understood benefit – “natural energy” in a product with easy-to-understand ingredients

• connecting to the trend towards increased on-the-go consumption

• offering the benefit in a new single-serve format in a new type of package, to a defined group (young adults) who can see easily how to integrate the product into their lifestyle and who feel they need the benefit

• having supported the brand with a consistent marketing effort and a simple, consistent marketing message.

This is lifestyle brand development at its best.

EMMI ENERGY MILK – A FOUR FACTORS ANALYSIS

1. Need the product
Clearly there was a gap in the Swiss market for a flavoured, single-serve, on-the-go type product offering the benefits of both convenience and health – a key combination in almost every country. Emmi identified its target group as sports-oriented teenagers and adults aged 18-25.

Sport, naturalness, taste and freshness were all logical concepts for a single-serve product targeted at this age group. Emmi aimed for its new brand to be as eye-catching as possible and to do this chose to package its drink in Tetra Pak aseptic 330 ml cartons, which were new to the Swiss consumer and quite unlike anything else milk was then packaged in.
2. Accept the ingredient
Emmi Energy Milk’s ingredients are easy to understand. They are B-vitamins, vitamin E, calcium and fibre, delivered in a 1.5% fat milk. We don’t know to what extent Swiss teenagers actually understand these ingredients, but Emmi wasn’t asking them to accept a hard-to-understand science based message and these ingredients don’t conflict with the message about a “natural” source of energy which Emmi has used in its brand communications.

3. Understand the health benefit
As we have seen from Red Bull in drinks and the U.S. energy bars market, energy has proven to be one of the simplest and most powerful selling messages – particularly to younger people, who believe that they need energy to support their “on-the-go” lifestyle and particularly in single-serve formats. “Having energy” is – as we explained earlier – one of the most fundamental self-definations of health in consumer psychology.

4. Trust the brand
Emmi is a trusted brand and the umbrella brand for a number of successful sub-brands, such as its highly successful Aktifit little bottle drink. The Emmi brand is well-known in Switzerland, trusted by consumers and – thanks to products like Aktifit – associated with health and single-serve products.
Case Study 7: Up & Go

In 1998 the Australian health-food company Sanitarium created a new category – liquid breakfast. With Up & Go the company delivered a product that enables the consumer to get all the benefits of eating a normal breakfast in an ultra-convenient format.

There are very few better examples of how to create a successful new category and a successful new brand than Up & Go liquid breakfast.

The ingenious Up & Go combines:

- innovation
- convenience
- careful targeting of a real consumer need
- well accepted ingredients
- clear and simple-to-understand benefits.

With 20%-30% of us skipping breakfast – a trend particularly pronounced among younger consumers – breakfast cereal makers the world over are faced with a challenge. The breakfast-cereal maker’s problem isn’t the products; it’s the consumer’s lifestyle. The time-poor consumer perceives that they don’t have time to eat them.

Sanitarium, the long-established market leader in breakfast cereals in Australia and New Zealand, realised that the consumption situation which its whole business was focused on – breakfast – was undergoing significant change as a result of changes in consumers’ lifestyles. Sanitarium has had a longstanding commitment to
health – indeed it describes itself as “The Health Food Company”. Its solution was to leverage its brand’s position in health and in breakfast to create a new category which would answer the consumer’s lifestyle need and keep its share of the consumer’s breakfast dollar.

Up & Go is a single-serve liquid breakfast in a 250ml aseptic combi-bloc designed to be consumed on the go, and therefore perfectly fits the needs of time-starved consumers with no time to breakfast at home. The product fits perfectly with the needs of young working people, and in particular young males. Up & Go is distributed through all Sanitarium’s normal channels (supermarkets and grocery stores), and comes in four flavours.

The health benefits of Up & Go’s ingredients – it is high in fibre and calcium – are widely understood by consumers and already associated with the idea of a healthy breakfast. The benefits put the product in the easy-to-understand nutritional context of a healthy breakfast for the target consumers. It has all the benefits of a bowl of cereal and milk in a more convenient form or, as the product label puts it, “With the goodness and fibre of 2 Weet-bix and milk” – referring to Sanitarium’s market-leading breakfast cereal brand.

Up & Go’s strong lifestyle benefits are supported by the massive brand equity of Sanitarium, the trusted, long-established Australian and New Zealand market leader in healthy breakfast cereals – the Kellogg of Down Under, if you will. Sanitarium is a credible provider of a healthy breakfast and has been for over a century. The company is a major player in a variety of health-oriented foodstuffs and beverages, including soy foods and breakfast cereals.
COMMUNICATIONS STRATEGY

Communications of the brand have been excellent and highly targeted at the chosen consumer group. Advertising made it very plain that Up&Go was for the hectic life of the young worker and the brand has also been supported with a massive sampling effort. In major cities in Australia and New Zealand gangs of attractive young women stood at busy traffic intersections during the morning rush handing samples to passing motorists.

This produced a very high conversion-to-sales rate since the consumers were able to test the suitability of the product in the situation in which they would actually be using it – and find that it was perfectly adapted to it.

Sanitarium has built a successful brand with a combination of:
• ingredients that consumers can easily understand
• a health benefit that is easily understood
• extreme convenience in a single-serve format that supports the lifestyle of busy people
• a strong brand identity and strong brand values
• marketing communications which match the lifestyle of the target consumers
• the century-long heritage of a trusted health-food company.

By understanding consumers’ needs and changing behaviour, Sanitarium has been able to develop a new category – liquid breakfast. Packaging, ingredients and message effectively customise this product to the needs and perceptions of the target group – people who don’t have time for breakfast. And Sanitarium’s heritage has helped to ensure consumer acceptance of this new breakfast format.
TV advertising for Sanitarium Up & Go perfectly explains each of the Four Factors that help make the brand a success.

Voiceover:

When you’re having this much fun who has time for a sit-down breakfast?

Sanitarium Up & Go is a real breakfast, real fast.

With the goodness and fibre of two Weet-bix and milk transformed into a delicious creamy smoothie that’s 98.5% fat-free

It’s a perfect breakfast for when you have to up – and go.

Four great flavours from the cereal aisle of your supermarket.
UP & GO – A FOUR FACTORS ANALYSIS

1. Need the product
A liquid breakfast in a handheld, single-serve 250ml Tetra Pak to be consumed on the go is a perfect fit with the needs of time-starved consumers with no time for breakfast at home. Around 20% to 30% of us skip breakfast every day and the product fits perfectly with the needs of the urban, working person.

2. Accept the ingredient
Up & Go is low in fat and high in fibre and calcium. Each of the three chosen ingredients is accepted and understood by consumers, and together they are associated with a healthy breakfast.

3. Understand the health benefit
The health benefits of these ingredients are widely understood by consumers and already associated with the idea of a healthy breakfast. The benefits put the product in the easy-to-understand nutritional context of a healthy breakfast for the target consumers. Put another way, it has all the benefits of a bowl of cereal and milk in a more convenient form – in fact the product label makes the point, saying With the goodness and fibre of 2 Weet-bix and milk – referring to Sanitarium’s market-leading breakfast cereal brand.

4. Trust the brand
Up & Go’s strong lifestyle benefits are supported by the massive brand equity of Sanitarium, the trusted long-established Australian and New Zealand market-leader in healthy breakfast cereals. Sanitarium is a credible provider of a healthy breakfast. Overall, Sanitarium scores well on all aspects of the Four Factors analysis.
Case Study 8: Aviva Life

Swiss pharmaceutical giant Novartis’ Aviva brand was touted as a “complete family” of functional foods in 1999. The thinking behind it was that the perceived “uniqueness” and “clinically-proven” effectiveness of Aviva would motivate consumers and justify massive price premiums, but the brand bombed and was withdrawn after less than a year on UK shelves.

Novartis formed its Consumer Health division in 1998, through the merger of the company’s Self-Medication and Nutrition businesses, with the stated goal of taking Novartis into the functional foods business. In 1999 the company said it had 24 functional food projects in development with 12 planned to be launched between 1999 and 2002.

Commenting in early 1999 on the new direction, Dr Daniel Vasella, President of Novartis said at the time:

“Our new division will provide an unprecedented platform to leverage our brands and apply our know-how, building on our reputation and relationships with health professionals. Combining these businesses will help us accelerate our pace in shaping and penetrating new market segments such as the emerging field of..."
Novartis’ Consumer Health division is best known, however, for its spectacular failure with its Aviva functional foods brand. The Aviva story is probably the best example there is of how not to position a brand. It was not merely that Novartis was unlucky, or that they were wrestling with totally unknown territory. There was already, by the time Aviva was launched, a wealth of easily-understood lessons from previous functional launches (such as Benecol).

**STRATEGY**

Novartis, however, seems not only to have completely overlooked these but it even ignored many of the basic rules of food marketing. Perhaps we can speculate that, as a giant pharmaceutical company, Novartis felt that it knew better.

Novartis set out to establish Aviva as the first “complete family” of functional foods to go into mainstream supermarket distribution. First introduced in Switzerland, Novartis’ “home” market, and the UK in November 1999, Aviva went into full distribution in January 2000.

Aviva was targeted at three areas of health:

- heart health
- bone health
- digestive health.

The Aviva range consisted of nine products – cereal bars, breakfast cereal, drinks, biscuits – grouped in the three health areas, all carrying claims.

Novartis set out to create entirely new health segments of each of the categories in which it launched Aviva-branded products. Novartis’
entry with premium-priced foods with strong health messages left it with no risk of cannibalising existing business, for it had no pre-existing food brands in any of the categories it was entering. As a Novartis spokesman put it, “Unlike the people in those categories already, we’ve got nothing to lose”. It also meant that Novartis had no experience in any of the categories it was entering.

Unintentionally, everything Novartis did with Aviva ensured that it was firmly positioned as a technology stakeholder brand. And yet at the same time the company claimed that it was trying to create a mainstream brand. Finding that Aviva achieved sales at a level compatible with its very strong technology positioning, Novartis withdrew the brand in a short space of time.

In July 2000 Novartis’ marketing director for the UK food business, Alistair Paton, told *New Nutrition Business*:

“The UK environment was significantly tougher than we expected; there is a lot of consumer scepticism, and we didn’t get our message across quickly and simply enough. Rather than continue over a long period we decided to take the product off the shelves.”

Achieving premium pricing for brands offering heart-health benefits is something of a marketer’s holy grail. The Aviva cereal was three to four times as expensive as other major cereal brands in the UK.

Even more damaging to the chances of Aviva’s success was the fact that US food-company giant General Mills was in 1999 already busy wiping out the justification for a substantial premium on a heart-health food by using nutrition science to uncover its established brands’ intrinsic heart-health benefits. General Mills was soon offering consumers the same heart-health benefits as Novartis at regular prices.

Novartis massively underestimated the importance of brand equity when it tried to enter the breakfast cereal category with its completely
new and unknown Aviva brand. Competing against brands such as Quaker Oats, Cheerios and Shredded Wheat, which also made heart-health claims but which had the benefit of competitive pricing and of being known and trusted by consumers, Novartis had effectively set Aviva up for a fall.

**AVIVA: A FOUR FACTORS ANALYSIS**

1. **Need the product**
   All the Aviva products were regular foods packaged just like any other foods. However they had no particular food values – such as a packaging design or taste – to distinguish them from any other mainstream food product in the supermarket. There was certainly nothing about their values as foods to justify the premium price positioning of Aviva. It was clear that the primary selling points were the health benefits.

2. **Accept the ingredient**
   Although Aviva avoided novel functional ingredients, only one – the calcium in the bone health orange juice – could be described as widely accepted and understood by consumers. The other ingredients, which included soy protein in some products and prebiotic fibres in others, should not, despite low levels of consumer awareness, have presented a problem in themselves to consumer acceptance. However, Novartis made its life more difficult by using ingredient brands on its products – such as NovaCol, NovaCalcium and NovaDigest. These brands had no meaning to consumers, thus confusing them further.

3. **Understand the health benefit**
   While Aviva’s health benefits were fairly easy to understand, they were presented in a scientific way with hard claims. As described above, in the absence of any food advantages over “regular” products the health benefits were the primary selling point of the Aviva range. However, by the time Aviva came to market there was nothing unique about the...
health benefits – they could all be obtained by consumers from other functional products at much lower price points.

4. Trust the brand
Novartis massively underestimated the importance of brand equity. Aviva was a new and unknown brand to consumers – and Novartis was an unknown company in the supermarket. The best example is the breakfast cereal category, where the Aviva brand was up against long-established brands such as Cereal Partners’ Cheerios and Shredded Wheat which also made heart health claims but which had the benefits of competitive pricing and being known and trusted by consumers. Heart health, for example, is a “death marketing” message meaning that it is a negative message about protecting you from disease and illness rather than a message about supporting your wellness and “making you feel better” and a death marketing message is much more credible from a known and trusted brand than an unknown one.
Case Study 9: Emmi LactoTab

Swiss dairy group Emmi is no giant, but it has earned a well-deserved reputation as one of the most innovative food companies in Europe. A pioneer in functional dairy products, Emmi has scored success after success both in central Europe and in Spain and Portugal.

It pioneered the daily dose probiotic dairy market in Switzerland, through its brand Aktifit, which uses the probiotic *Lactobacillus Gorbach & Goldin* (LGG). The company then went on to create a daily dose version of the Benecol cholesterol-lowering brand which has been highly successful and has since been emulated by Unilever and Danone. More recently Emmi launched a blood pressure-lowering dairy drink, branded Evolus, using a brand and technology licensed from Valio, that can be found in several European countries.

What sets Emmi apart are its remarkable marketing and branding skills and its boldness in innovating with new products and creating new markets.
However, even for such a notably successful innovator, innovation is not without risk. Emmi has had failures and has experienced one of the harsh realities of health-enhancing foods: if the consumer doesn’t understand your ingredient and doesn’t believe that it’s necessary for their lifestyle, then all the innovation in the world will not make your product – in Emmi’s case LactoTab, Europe’s first chilled dairy beverage based on coenzyme Q10 (CoQ10) – a success.

EMMI LACTOTAB – A FOUR FACTORS ANALYSIS

1. Need the product
Emmi believed Swiss consumers would reach for LactoTab if they communicated its main nutritional benefit as “Optimal performance”. Based on milk serum – the liquid remaining after milk has been curdled and strained LactoTab was low-lactose and low-calorie and scored high on packaging innovation. It came in 470ml bottles, in four colour-coded varieties, all containing a 30mg tablet of CoQ10 in a blister inside the cap. The cap was a sports-cap, to allow for convenient, on-the-go consumption. Pricing was competitive in the mass market. The brand was well-supported with TV and print advertising and in-store promotions and tennis star Roger Federer was the face of the brand.

2. Accept the ingredient
LactoTab’s active ingredient was well-established in Japan, where CoQ10 can be found in waters (including a Coca-Cola product), yoghurts, candies and supplements. In the US, sales of CoQ10 supplements are growing fast and Japan’s biggest maker is setting up a factory there. But in 2006 it was new and effectively unknown to the bulk of European consumers – indeed the same situation applies in 2008 – and this is where the ultimate reason for LactoTab’s failure can be traced. Finding out what the consumer knows and what you must do to educate the consumer – and being content to sell niche volumes for a long time – are the foundations of functional food marketing, proven
again and again since the mid-90s. They should be the cornerstones for any marketing plan for a product based on a novel ingredient, such as CoQ10.

3. **Understand the health benefit**

CoQ10 is also gathering behind it an increasing body of good science for its health benefits (mostly in relation to energy, the cardiovascular system and immunity). But the problem is, as Emmi found, that all these advantages in terms of technology and price have no value if the ingredient does not have a place in the mind of the consumer.

Within six months of launch Emmi was telling industry journal *New Nutrition Business* that its CoQ10 beverage LactoTab was presenting some interesting marketing challenges. At the time of launch, Emmi said, men knew little about it, whereas women recognised it from cosmetics such as Nivea’s CoQ10 moisturiser range. In fact, when asked about CoQ10, consumers in focus groups associated the ingredient with moisturisers. For Emmi such a link presented both pros and cons: awareness of CoQ10 was being boosted by cosmetics companies but confusion was also being generated in the minds of consumers about the ingredient’s nutritional function.

4. **Trust the brand**

The Emmi brand is well-known in Switzerland, trusted by consumers and – thanks to probiotic products like Aktifit – associated with health and single-serve products. But LactoTab’s failure brings into relief the importance of getting Factors 1-3 right. As Emmi has stated, “Despite a good start and positive attention from trade press, we finally had to draw the conclusion that the level of consumer acceptance was not what we had expected.”

“The Swiss market was simply not ready for it,” LactoTab’s product manager Rico Grünenfelder told *New Nutrition Business*. According to
the company, the lessons from LactoTab were that inclusion of a little-known ingredient can be a significant problem and that: “The message has to be kept very simple. You need a good-tasting product that makes understandable claims.”
Case Study 10: Delamere Dairy Dancing Daisy

St Helen’s Farm, best known as a producer of goats’ milk, launched its functional cows’ milk Dancing Daisy in May 2006. Four months later it had been withdrawn. It’s not hard to see why St Helen’s eyed an opportunity. The value of the UK market for products delivering friendly bacteria to the gut has raced from nothing to hundreds of millions in little over a decade since the original little bottle, Yakult, made its debut there.

Danone’s Actimel, easily the No.1 probiotic drink in the UK, was worth £108 million ($219 million/€159 million) in the year to 7 October 2006, according to Nielsen figures, making it the UK’s third-largest non-carbonated drinks brand.

St Helen’s must have been licking its lips at the prospect of a slice of this action. Dancing Daisy contained a concentrated dose of *Lactobacillus acidophilus*; there was no other probiotic milk on the market when it was launched – there still isn’t – and the company clearly had high hopes for the product. Sold in 1-litre cartons, Dancing Daisy was priced at a hefty £1.19 ($2.41/€1.75), or nearly twice as much as plain milk costs per litre in the UK.

The company believed Dancing Daisy would appeal to consumers because it would enable them to include probiotics in their diet without changing their routine or buying anything extra – simply by pouring a “generous cold 250ml serving” of it over their cereal instead of standard milk. But it was not as versatile as
standard milk – St Helen’s cautioned that the beneficial bacteria would perish if heated, so to reap the probiotic benefits, consumers had to drink it cold or lukewarm.

At the time, Angus Wielkopolski, MD of St Helen’s Farm, said: “Dancing Daisy meets a real consumer need and there is great potential to grow the category.”

The company said their research had identified a group of consumers who were attracted by the prospect of “good bacteria” but were turned off by the many added ingredients found in some of the products already on the market.

But St Helen’s misjudged the size of this group – something its sales and marketing manager Mike Hind admitted to. “Sales were much lower than expected and it was unviable to continue production,” he said. “The concept of probiotic milk wasn’t as appealing to consumers as we had anticipated. Consumers interested in probiotic products were already well served by the yoghurts and drinks already on the market.”

There were also practical reasons why the product had difficulties. It sold slowly, and as a short-life chilled product this had serious ramifications. “Milk has a shorter life so if sales are not as expected the wastage is instant,” explained Hind.

St Helen’s isn’t contemplating re-launching Dancing Daisy at any time – but doesn’t necessarily think probiotic milk can’t succeed in the future. “Probiotic milk may still have a place. Dancing Daisy was maybe launched too early and the market wasn’t ready,” said Hind.

Nevertheless, Hind insisted St Helen’s was not put off the prospect of launching more functional products by this failure. “We will still consider other innovative launches in the future,” he said.
DELAMERE DAIRY DANCING DAISY – A FOUR FACTORS ANALYSIS

1. Need the product
The brand was retailed in a standard 1-litre carton, giving it no visual differentiation from any other regular non-probiotic milks available on the supermarket shelf. Packaging it in a standard 1-litre carton made it easy for consumer to compare the price with “regular” milks and see that, as a result of the cost of the added probiotic, it was retailed at a 100% price premium. The packaging offered no convenience benefits. The product offered no advantages over any other probiotic product then available on the market – such as Yakult and Actimel, both of which were offered in a single-serve, ultra-convenient, daily-dose format, which recognized that probiotic drinks were a product for individual consumption, not a family product for pouring over cold cereal. The failure to create a point of difference with the packaging, coupled with the lack of convenience and the ease with which the consumer could see the price premium, was one of the biggest factors in the failure of this brand.

2. Accept the ingredient
Probiotic bacteria are widely available in yoghurt products and drinks in the UK.

3. Understand the health benefit
The immune and digestive health benefits of probiotic dairy drinks are widely understood by UK consumers. However, the needs of consumers motivated by the benefits of probiotics were already well-served by many probiotic drinks and yoghurts at the time at which Dancing Daisy was launched. Its benefit was therefore a “me-too” – making it all the more essential that the brand create some other point of difference.

4. Trust the brand
A small, regional-based brand, it had limited awareness compared
to major brands such as Danone Actimel and Yakult and it was not supported by any educational or marketing efforts on the scale of those commonly used by the existing probiotic brands.

Overall, Dancing Daisy probiotic milk under-performed on three of the Four Factors.
Here we include some blank Four Factors Brand Analysis forms which you can use to undertake your own Four Factors analysis of your brands or new product concepts.
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# Four Factors® BRAND POSITION

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- **WHO?**
  
- **WHEN?**
  
- **WHY?**

## 2. ACCEPT THE INGREDIENT

- **AWARENESS?**
  
- **INTEREST?**
  
- **TRENDSPOTTING?**

## 3. UNDERSTAND THE BENEFIT

- **PHYSICAL?**
  
- **INTELLECTUAL?**
  
- **EMOTIONAL?**

## 4. TRUST THE BRAND

- **BRAND IDENTITY & HISTORY?**
  
- **BRAND PROMISE?**
  
- **BRAND IMAGE?**
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Peter Wennström’s *Four Factors of Success* has been written to give you a practical ‘back of an envelope’ checklist that takes the guesswork out of food and health marketing.

The Four Factors are based on 20 years of learnings from successes and failures in healthy marketing and their purpose is to enable you to quickly learn basic principles that you can apply straight away.

The Four Factors have been applied and refined in hundreds of food projects from medical foods and functional foods to natural and super foods as well as in dietary supplements, OTC and prescribed pharmaceuticals.

They have been tried and successfully tested by marketers and business leaders in Europe, Africa, Asia, Australia, North and South America.