

Medill IMC

Journal of Integrated Marketing Communications

The Blur Age: Effective Communications in Today's Changing Environment
Rudolph Magnani

The Reality of ROI: Dell's Approach to Measurement
Marlene Bender
Art Zambianchi

Unlocking the Challenges of Professional Services Marketing
Jennifer D. Chrzastek
Cyndy Reid

Paint the Town Ted: Launching an Airline Using IMC Principles
Martin Wodarz

Back to Nature: Big Food Enters a Niche Market
Kristin McDaniel

Employee Bloggers: Turning a Potential Liability into Your Best Weapon
Christopher Hannegan
Sara Fisher

The Athens 2004 Olympic Games: An Event Study
George Spais, Ph.D.
George Filis, Ph.D.

Spinning Off Hospira: Shifting Communications Paradigms
Tareta Adams
Shannon Gore



NORTHWESTERN
UNIVERSITY

<http://northwestern.edu/medill/imc/>

2006

Back to Nature

BIG FOOD ENTERS A NICHE MARKET

by **Kristin McDaniel**

ABSTRACT

This case study demonstrates how Kraft Foods entered an underrepresented market and launched the Back to Nature line of natural organic products using an integrated marketing plan consisting of event marketing, advertising, consumer promotions, and public relations. The article outlines how the marketing communications agencies retained by Kraft Foods developed an integrated plan for the product launch, why certain tactics were used that differed from a traditional consumer packaged goods marketing plan, and whether the plan could be deemed successful based on the program results.

Introduction

IN FEBRUARY 2004, KRAFT FOODS, INC. unveiled plans for a range of health-oriented foods and other new products, which were expected to drive company sales. Kraft Chief Executive Roger Deromedi told investors, “The growing importance of health and wellness has significantly altered consumer consumption and buying behavior.... Requiring that we change what we market and how we market it,” (Crain’s Chicago Business, 2004). The new products included the Back to Nature brand, the South Beach Diet line of products, and trans-fat free versions of several Triscuit and Wheat Thins crackers and Oreo cookies.

Kraft Foods, Inc. is the number one food company in the United States with

sales in 2003 topping \$21.9 billion. Kraft’s North American holdings include: Kraft (the largest global cheese brand), Nabisco (the largest global cookie and cracker brand), as well as Oscar Mayer meats, Post cereals, Maxwell House, Jell-O, Kool-Aid, Minute Rice, Miracle Whip, and Velveeta. Kraft North America is the leader in market share in 17 of its 20 top product categories (Hoover’s, 2005). Altria (formerly Philip Morris Companies) owns approximately 84 percent of Kraft Foods.

Kraft’s foray into the health and wellness arena began in 2000 when Kraft bought Boca Burger and Balance Bar. Boca is a line of meatless alternatives including burgers, “chicken”, ground “beef,” breakfast links and patties, while Balance Bar offers a line of meal replacement

snack bars, drink mixes, and beverages.

The following demonstrates how in 2004, Kraft Foods entered a niche market and launched Back to Nature, a line of natural organic products, using an integrated marketing plan.

History: Back to Nature beginnings

In 2003, Kraft Foods purchased a small company, Back to Nature Foods, as an entrance into the natural/organic product category. In 2003 the total organic market measured \$12.9 billion, growing to more than \$15 billion in 2004. According to a report from U.S. Market for Organic Foods and Beverages, the organic market is expected to continue to grow at a rate of 16 percent over the next five years. Comparably, the mainstream (i.e. conventional) market has an expected growth rate of 2 to 3 percent. Mainstream supermarkets account for 37 percent of natural/organic sales (Tarnowski, 2005).

At the time of purchase, Back to Nature was a line of natural and organic cereals and granola developed and sold out of the backroom of a health food store in California. From this humble beginning, Kraft expanded the line to natural and organic cereals, granolas, cookies, crackers, cheese, and macaroni & cheese meals that would be sold mainly in Whole Foods, Wild Oats, and the natural/organic sections of a limited number of mainstream grocery stores.

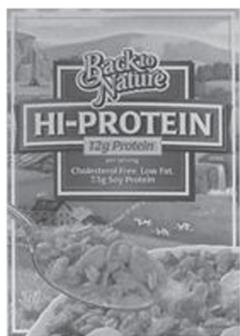
Kraft aggressively relaunched Back to Nature in May 2004 with a new packaging design and a revitalized Back to Nature Foods logo (Figure 1). Any mention of Kraft (including the Kraft logo) is nonexistent on the packaging.

Back to Nature was launched in six different product categories; four new categories (cookies, crackers, cheese, and pasta and cheese dinners) and expanded

Any mention of Kraft (including the Kraft logo) is nonexistent on the packaging.

The Back to Nature that was...

September 2003



The Back to Nature that is...

April 2004



Figure 1

granola and cereal lines. All of the products are made with no artificial flavors, colors, or preservatives, and contain no hydrated oils or high fructose corn syrup. A sample of the product line includes: Strawberry & Seven Grain and Hi-Protein Crunch cereal, Apple Blueberry and Cranberry Pecan Granola, Classic Sandwich Crèmes (similar to Oreo's), Crispy Wheat Crackers and White Cheddar Rice Thins, Cream Cheese and Cheddar Cheese Cubes, and White Cheddar & Spirals and Mac & Cheese pasta dinners.

Back to Nature focused on supplying products to two national natural/organic grocery stores—Wild Oats and Whole Foods. The Back to Nature sales and marketing team had to delicately handle their position as a Kraft brand due to the stringent guidelines Whole Foods and Wild Oats have for the foods and products that line their shelves. Both are wary of large conglomerates, preferring to work with smaller, specialized natural/organic companies. This strategy has served both companies extremely well. Whole Foods

and Wild Oats have a combined total of more than 240 stores with \$4 billion in sales. Whole Foods plans to grow its store base to 300 by 2010, and its sales from \$3 billion to \$10 billion over the next five years (Frozen Food Age, 2004).

However, Back to Nature was not

limited to these two retailers. The line would also be sold in natural/organic store-within-a-store concepts in mainstream retailers including Kroger, Albertson's, and Safeway. The store-within-a-store concept is a dedicated area, usually near the produce section, where natural/organic products can be found including frozen, fresh, and packaged goods.

Natural organic market research: defining the consumer

In 2004, the Hartman Group, a health and wellness consulting and research firm, conducted a study on the mainstream organic consumer. The purpose of the research was to learn more about the natural/organic consumer: what is important to them, their shopping behavior and natural/organic product purchase behavior, and gauge their level of brand loyalty, note their needs, preferences, and usage of natural/organic products.

The Back to Nature brand team and consumer research department supplemented this research with their own qualitative research including focus groups and ethnographies. The focus groups equipped the marketing team with a more in-depth understanding of the natural/organic consumer and their preferences, habits, and beliefs regarding the natural/organic channel and product offerings.

Ethnographies were conducted by selecting shoppers who fit the demographic and psychographic profile of a natural organic consumer. Once selected, the Back to Nature research team followed the consumer as they purchased products in a natural/organic grocery store. This observation technique gave the Back to Nature brand team a better understanding of how consumers make purchase decisions within the natural/organic channel.

Based on the Hartman Group study and findings from the qualitative research, the marketing and the consumer research departments, along with the account team and account planner from the advertising agency worked together to determine the most profitable consumer segment. Kevin Scott, a Kraft general manager for Back to Nature, defines the target as "natural or organic seekers," or the 15 to 20 percent of households that buy natural or organic products three to four times a year (Ellison, 2004). Natural/organic seekers tend to be well-educated adults between the ages of 25–54 who shop in natural/organic stores and the

The Back to Nature sales and marketing team had to delicately handle their position as a Kraft brand due to the stringent guidelines Whole Food and Wild Oats have for the food and products that line their shelves.

natural/organic section of mainstream stores. They are not organic die-hards; while they have made the decision to purchase natural/organic products, they use and enjoy many products from mainstream grocery stores. This target skews 70 percent female, with 37 percent having children under the age of 18 living in the household. According to Debbie Dines, brand manager for Back to Nature, many of these consumers are “suburban soccer-mom types,” (Pankey, 2004). Of these consumers, 46 percent cite health reasons including pregnancy and safeguarding the health of their children as leading to the shift in their shopping behavior (Demeritt, 2005).

This target embraces natural/organic products in select categories and tends to make most of their purchases along what is considered the perimeter of the store. The perimeter includes the outer areas such as produce (fresh fruit and vegetables), dairy, and meats. Produce, followed by milk/dairy are considered the “gateway” categories to the organic channel (Miller, 2004).

There are a few reasons why these consumers stay on the perimeter and do not venture into the inner sanctum of the grocery store. Mainly they are uncertain of the inherent quality and goodness of packaged natural/organic foods. They have ceased buying certain products (such as packaged cookies or macaroni and cheese dinners) because they do not feel that these products support the healthy lifestyle they are trying to lead. Family preferences, price, and convenience are other factors that influence their purchase decisions (Demeritt, 2005).

Ideally, aspects of the marketing plan for the Back to Nature launch had to move this consumer from the perimeter of the store into the aisles, where most of the Back to Nature products are shelved.

Marketing strategy

Back to Nature’s marketing strategy (based on a growth-focused business objective)

was two-pronged. As a new product launch with limited brand awareness, the primary marketing objective was to build awareness of the Back to Nature brand. The second objective was to compel consumers to try the product and drive trial. Natural/organic consumers are typically skeptical of a natural/organic product that comes in a package. Most of Back to Nature’s potential consumers bought “fresh” items only, and occasionally cereal or granola, but had sworn off “forbidden” foods such as cookies and macaroni & cheese (Demeritt, 2005; Ellison, 2004; Miller, 2004). The best way to overcome this skepticism was to get the product into the hands and mouths of consumers.

The well-educated natural/organic consumers see themselves as more marketing savvy than consumers who shop only at mainstream grocery stores, and believe that they are not “taken-in” by traditional marketing. The natural or organic seekers “know” that natural/organic is a better way to eat, but may not be able to articulate why. These consumers are information gatherers; they want to be educated on why a particular product should be chosen and the benefits that the product provides (Demeritt, 2005; Pankey, 2004). Because of this mindset, the marketing team knew that they could not address them with a traditional, consumer packaged goods marketing plan, which tended to include heavy print, maybe television, radio, and a large consumer promotions component.

The agencies retained by Kraft to create and execute an innovative, effective integrated marketing plan for Back to Nature included Foote Cone & Belding (advertising); MediaVest (media buying and planning); Weber Shandwick (public relations); Marketing Drive (direct marketing and consumer promotions); 361 Event Marketing (event planning). Each agency agreed that the

Natural/organic consumers are skeptical of a natural/organic product that comes in a package.



Figure 2
Back to Nature advertising highlights the purity of the product's ingredients.

marketing plan had to use both traditional and non-traditional marketing elements to build awareness of the Back to Nature brand and convince the target consumer (the natural or organic seeker) that Back to Nature understood and knew what was important to them.

The integrated marketing plan

In March 2004 an integrated marketing communications plan that linked all the various marketing tools under an ideal umbrella was developed and approved. Each element of the integrated marketing plan was tied together by a general creative concept.

Feedback from the focus groups indicated that the idea of the pure ingredients used in the Back to Nature products was very appealing to the target consumer. The creative strategy built upon this consumer insight resulted

in a campaign that featured a main ingredient from a Back to Nature product shown on a clean, white background. Variations of the creative idea were woven throughout all elements of the marketing plan (Figure 2).

The main idea of the integrated marketing plan was a ten city nationwide tour to introduce Back to Nature to consumers. The cornerstone of the plan was the presence Back to Nature would have (via a booth) at consumer and retail events in each market. The main event in each market (referred to as the "consumer event") would be an event such as a farmer's market or an art fair. The retail events would take place at a Whole Foods or Wild Oats grocery store. A Back to Nature booth and sampling activity would take place at both consumer and retail events. The events would be complemented in-market by public relations, sampling, out-

of-home (billboards), and in-store activity.

The markets and the key consumer events in each market were carefully selected to match the interests of the targeted consumer—the natural/organic seeker. The event planning agency worked closely with the Back to Nature brand team, the consumer insights team, and the sales force to nail down the best markets. It was important that distribution had been secured in the markets chosen, since one of the goals of the marketing plan was to encourage consumers to purchase the Back to Nature product.

The consumer event

In each market a relevant event was chosen that would appeal to and be attended by the natural or organic seeker. 361 Event Marketing provided copious research on what types of events are the most relevant to the Back to Nature consumer, taking into consideration demographics and lifestyle. The natural/organic seeker is committed to maintaining a healthy lifestyle through careful choices. This insight led the team to select events including 5K races and walks that were affiliated with a cause (such as breast cancer or pediatric afflictions), farmer's markets, art fairs, and music festivals.

The size of the event was also taken into consideration. The event needed to be large enough to reach as many current and future consumers as possible, but not so large that the presence of the relatively unknown Back to Nature brand would be overlooked.

A Back to Nature booth was set-up at each event. The design of the booth borrowed visual and copy elements from the advertising and the neutral background and vibrant colors from the product packaging. The Back to Nature logo was prominently displayed on banners and other signage. The booth was decorated with foliage and the Back to Nature product was displayed in baskets and wooden crates.

Sampling was a requirement for event selection in order to get the product into the hands of the consumer. Individual packages of cookies and crackers were distributed along with biodegradable sample-size cups of cereal and granola. A coupon and a brochure detailing the products and providing information on the brand and the products were also distributed.

Retail events

In conjunction with the large consumer events, two retail events (at Whole Foods and Wild Oats) were conducted in each of the markets. The stores where the sampling events took place were in the vicinity of the consumer event, each had also secured distribution of the Back to Nature products being sampled, and had ample space and parking to support the Back to Nature booth.

Booths (complete with foliage and baskets) were set-up in parking lots to intercept consumers on their way into the store. Product samples and information were also distributed to help influence the consumer's in-store purchase decisions.

According to A.C. Nielsen and SPINS data, the Back to Nature brand generated \$11.4 million in sales in 2004.

Consumer promotions

Consumer promotions played a large role in the marketing plan. The goal of consumer promotions was to drive the consumer to trial in adjacent category purchases. Consumer promotions took place where consumers were making their purchase decisions. To reach the target and influence their purchase decision, the following tactics were used: in-store sampling; brochures were distributed with information on the line of products and included two coupons; in-store displays and point of

sale materials based on the creative idea were used to influence consumers at the shelf.

Public relations

A public relations blitz was conducted on a market-by-market basis. Samples of the Back to Nature products and media materials were delivered to food editors of local papers (and national magazines). TV, print, and radio exposure was pursued in each market resulting in numerous broadcast and print interviews.

Advertising

To surround the targeted consumer in each market, out-of-home media placements (billboards) were secured as close as possible to the stores hosting the retail events or near the consumer event.

In some markets, due to the size of the market, or regulations prohibiting billboards within certain city limits, it was impossible to

of the product, handed out informational brochures, and answered consumer's questions.

Program results

According to A.C. Nielsen and SPINS data, the Back to Nature brand generated \$11.4 million in sales in 2004. Based on the inventory velocity of most of the Back to Nature products sold in the natural/organic channel, the Year 1 plan was considered a success. Inventory velocity (or inventory turns) is how fast the product moves off the grocery store shelf and into the shopping baskets of the consumer. Velocity is critical to increasing return and building distribution. For example, a store is more likely to devote shelf space to products that have the highest return and the higher the velocity, the higher the return.

Two areas to note are the cookie and cracker segments. In the natural/organic channel Back to Nature cookies are the number two cookie (tied with Barbara's Bakery) based on total distribution points. Newman's Own is the number one cookie. In the natural/organic cracker segment, Back to Nature is in the third position behind Kashi and newcomer Late July (A.C. Nielsen, 2004). Total distribution points measure both breadth and depth of product distribution and are determined by the number of stores that carry a brand and how many distinct products are carried in each of these stores.

In addition to generating measurable results for Kraft Foods, the Back to Nature marketing plan was an innovative, effective plan based on consumer insight and consumer behavior. Regardless of the size of a company, it is imperative that brands remain relevant to consumers to grow and sustain business.

The non-traditional media used in this marketing plan connected with natural/organic consumers in a way that was both engaging and in line with the brand positioning. The approach allowed Kraft to successfully gain entrance into an underrepresented, niche market.

□ □ □

Hybrid vehicles were chosen to demonstrate that the Back to Nature brand understood the environmental and social concerns of the natural/organic consumer, to align with the brand positioning of pure and natural products, and to be as authentic as possible.

secure placements. In these markets, wrapped hybrid cars were employed as moving billboards that traveled within the market to the retail and consumer events. Hybrid vehicles were chosen to demonstrate that the Back to Nature brand understood the environmental and social concerns of the natural/organic consumer, to align with the brand positioning of pure and natural products, and to be as authentic as possible. As a Kraft company, it was critical that Back to Nature establish authenticity within the category. The knowledgeable drivers passed out samples

References

Note: All non-public data has been removed or disguised.

"A Natural Connection with Proven Growth and Increasing Customer Interest, Organic and Natural Food are Going Mainstream in a Big way." *Frozen Food Age*. June 2004. p. 20.

A.C. Nielsen, 2004.

Demeritt, Laurie. "Introducing the (Mainstream) Organic Consumer." *The Gourmet Retailer*. 1 March 2005.

Ellison, Sarah. "As Shoppers Grow Finicky, Big Food Has Big Problems." *Wall Street Journal*. 21 May 2004.

"Kraft Foods, Inc." *Hoover's*. 2005.

"Kraft pins hopes on new products." *Crain's Chicago Business*. 18 Feb. 2004.

Miller, Lynee. "Growth Spurt." *Supermarket News*. 31 May, 2004.

Pankey, Deborah. "The Growing Organic Market." *Daily Herald*. 7 July 2004.

Tarnowski, Joseph. "Natural Defenses." *Progressive Grocer*. March 2005.

Kristin McDaniel

is a project manager in the Integrated Marketing Communications department at Allstate Insurance in Northbrook, Ill. Prior to Allstate, Kristin spent five years at Foote Cone & Belding working as an integrated marketing team leader with clients including Kraft Foods and Applebee's. She received a Master of Science in integrated marketing communications from Northwestern University.
