

Flora Cuisine

A healthier approach to brand extension



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Executive summary

Flora is one of the best-known brands in Britain. However, in recent years, it had faced significant threats on two fronts. On the one hand, it was losing share to butter, as consumers perceived brands like Lurpak to have a better, more natural taste. On the other hand, it was being muscled out of its “*healthy*” heartland by olive oil. To make things worse, Flora was also failing to capitalise on the trend to home baking and the wider interest in cooking.

Unilever’s response to these threats was radical: a unique, chilled cooking liquid, made from a blend of linseed, rapeseed and sunflower oils. These ingredients naturally contain essential fats omega 3 and 6, meaning that the product was extremely healthy. In fact, it contained 45% less saturated fat than olive oil. However, it also delivered a better cooking experience and taste than its rivals.

Called Flora Cuisine, the product was revolutionary, and initially confused respondents in research. But once they had tried it, 71% said they would purchase. Because of this, a 360 degree campaign was put together, to educate consumers, inspire them and prompt trial.

Flora Cuisine went on to become the category’s most successful launch for 4 years. Awareness, penetration and sales figures were all around twice as high as the nearest rival’s. Similarly, repeat rates were 14% than the next highest recorded and a 15% price premium was achieved.

Importantly, 93% of Flora Cuisine’s sales came from outside the category, let alone from Flora. And the parent brand was significantly strengthened by the new addition, making this a rare example of a brand extension with a healthy commercial effect.

Introduction

Brand extensions are by the most popular form of NPD¹. However, most fail². Indeed, contrary to the popular belief that they represent a safe option, several studies suggest that their success rates are actually even lower than those of genuinely new products³. At best they often deliver no incremental growth, and at worst they can cannibalize existing sales and damage the parent brand. This paper is different though: it tells the story of a brand extension which generated 93% of its sales from outside the category, and improved the parent brand's health in the process.

The challenge

Flora was launched in 1964 and pioneered the development of heart-healthy spreads in this country. Sales grew faster than for any brand in Unilever's history⁴, and Flora became the UK's biggest-selling spread – a position it held for more than twenty years. However, in the Summer of 2007, Flora lost its value leadership crown to Lurpak.⁵ Meanwhile, around the same time, olive oil overtook other liquid cooking fats as the nation's favourite bottled choice⁶. These two events heralded a difficult new era for Flora, whereby the brand was squeezed by two seemingly unstoppable forces.

On the one hand, butters like Lurpak were succeeding because consumers were increasingly seeking a "natural taste": a dimension on which they were thought to out-perform margarines⁷. These old dairy rivals were also benefitting from the trend to home baking that emerged around this time.

On the other hand, olive oils were winning because health-conscious consumers – who might have worried about butter's track record in this area – were being seduced by the category's Mediterranean imagery⁸. Not only was the sector associated with a healthy lifestyle, it was aspirational and seen as a versatile cooking aid.

¹ Both Nielsen (2006) and the Harvard Business Review (1999) have estimated that 90% of FMCG launches are brand extensions

² Ernst & Young (2007) have estimated that 84% of brand extensions fail

³ Ernst & Young (2007) estimated that brand extensions were 25% more likely to fail than genuinely new products. An Asian review (cited in the Jakarta Globe 8/2/09) reported similar findings.

⁴ Unilever

⁵ Nielsen, as reported in the Daily Mail (8/7/08). Flora is still the biggest brand by volume.

⁶ BBC (13/1/06)

⁷ E.g. see Daily Mail (8/7/08)

⁸ E.g. see BBC (13/1/06)

As a result of this pincer movement, Flora was in danger of being seen as “*not as tasty as butter, not as healthy as olive oil and not as versatile as either of them.*” By 2010, Unilever openly admitted the need to improve its “*weak*” spreads sales⁹, but this would be easier said than done, given consumers’ low-interest in the category¹⁰ and the sector’s relatively poor record at innovation¹¹.

Understanding the consumer

To help us, we conducted research¹² among our core audience: mums aged 25-45, with young families. She is not overly enthusiastic about cooking but believes in the importance of putting a decent meal on the table for her family. Health is important, but not at the cost of a tasty meal. And in any case, she is increasingly confused by the competing nutritional claims of different fats. She uses different products for different purposes: (butter for mash and baking, oils for roasting or frying) and although she doesn’t feel like she has any unmet needs, she is interested in anything that can make her life easier.



⁹ Unilever Q3 results, 2010, which highlighted spreads as a rare weak spot in an otherwise strong performance

¹⁰ Marketing (17/11/10)

¹¹ E.g. see Ad Age (26/7/12)

¹² Firefish Research, 2011

Our response to this consumer insight

Based on this consumer understanding, we did something radical, in keeping with Unilever's vision of winning with big, bold innovation.

Instead of tweaking the core product, we developed a revolutionary new format: a unique, chilled cooking liquid, made from a blend of linseed, rapeseed and sunflower oils. These ingredients naturally contain essential fats omega 3 and 6, meaning that the product was extremely healthy. In fact, it contained 45% less saturated fat than olive oil.

However, the product wasn't "just" a very healthy one. Based on the customer understanding described earlier, it had been specifically designed with cooking in mind. It would work well with all ingredients and be equally well suited to frying, roasting or baking. There would be little or no spitting or burning at high temperatures. The crowning glory was that it had a deliciously mild taste that was great for bringing out the natural flavours in other ingredients. All of this made it as convenient as conventional oils, but with a better cooking experience.

We called the product Flora Cuisine and looked forward to the next wave of research...

Further consumer insight

Given the revolutionary nature of Flora Cuisine, it was perhaps inevitable that initial consumer reaction was a mixture of scepticism and curiosity¹³. Consumers were intrigued, but a bit apprehensive about the idea of cooking with something that came in a bottle from a margarine brand.

When they discovered it was from Flora that helped, as did an understanding of all its benefits, from health to versatility and convenience. However, concerns still remained, ranging from where you might find it, to how you might use it and how it might taste. In the words of the research, it was something of a *"step into in the unknown"*.¹⁴

As with many radical innovations, these worries were only allayed by experience. Once they had given the product a go, an extraordinary 71% of respondents said they would buy the product¹⁵. We now knew that education (*"what is it?"*), inspiration (*"how might I use it?"*) and trial (*"I'll give it a go!"*) would be key, so set about marshalling all the marketing resources at our disposal...

¹³ Firefish research 2011

¹⁴ Firefish research 2011

¹⁵ Unilever product testing 2011

Effective Use of Marketing Resources

Education

We developed a TV, press and digital advertising campaign, featuring well-known family ambassador Vernon Kay and his mother. Even celebrities need their mums' advice sometimes, so this pairing was the perfect device to educate our audience on what Flora Cuisine was all about. In particular, it provided a natural way to explain how to use the product, show what to expect from it and reassure consumers about the product's strange appearance.



Inspiration

To inspire mums with the possibilities of the new format, we then commissioned Celebrity Chef Jean-Christophe Novelli to create a range of mouth-watering recipes, which we made available on YouTube. We backed this up in other digital channels, including Facebook and Flora's website. As the campaign developed momentum, we then used these media to develop a crowd-sourced recipe book, featuring consumer's own ideas.



Trial

Given that we knew how important trial would be, we embarked on a massive hot sampling roadshow. The Flora Cuisine Kitchen travelled the country to excite our target with delicious stir fries, crispy roast potatoes and scrumptious muffins. This was replicated instore, where 1.7 million potatoes and stir fry packs were stickered in Asda alone, inspiring shoppers with new usage occasions and making it easier for them to try Flora Cuisine. In total we hit over 1 million consumers with our sampling programme.



While these three strands were deliberately designed to play different roles, they all shared the same look and feel. In particular, they all reinforced the fact that Flora Cuisine contained 45% less saturated fat than olive oil, as our research indicated that this *"irrefutable competitive advantage"* remained the most tangible reason to switch¹⁶.

¹⁶ Firefish research 2011

Results

According to Europanel, Flora Cuisine was “*by far the best NPD in the last 4 years in total butters, margarines and oils*”.¹⁷

With £5.4M sales, it generated twice the value of its nearest rival¹⁸.

It was the same story with penetration: 17.9% household usage, versus the next best performer’s 9.6% (and only 4.5% for the previous top oils launch)¹⁹.

Likewise, with awareness: we achieved 53% in just 3 months – double the average level for a new product launch and way above our target (40%) for the whole year²⁰.

Combined with the fact that Flora Cuisine sold, on average, at a 15% premium versus the category²¹, then it was no surprise that the launch was considered a great success.

The Grocer²² named Flora Cuisine the best product launch in Oils and one of the top 4 in any category, in 2011. Likewise, Convenience Store²³ noted that sales were “*sparkling*”.

So why has this brand extension been so successful, when so many others fail? We will now outline 5 factors which are rarely present – least of all, at the same time:

- The product delivered
- The marketing communications worked
- The trade got on board
- There was little or no cannibalisation
- The extension benefitted the parent brand

¹⁷ Europanel 2012

¹⁸ IRI 2012

¹⁹ IRI 2012

²⁰ Millward Brown 2012

²¹ Europanel 2012

²² 17/12/11

²³ 6/1/12

The product delivered

Repeat purchase is the purest measure of the product's own performance, as opposed to that of the campaign. On this front, it's worth noting that Flora Cuisine achieved 30.9% repeat²⁴, 14% higher than any previous oil measured.²⁵

The marketing communications worked

Our TV campaign was ranked in the top 10 best TV campaigns of the year by Grocer. In Pre-testing of the commercial, 83% felt that Vernon Kaye was a suitable choice and 80% took out the key message that Flora Cuisine had 45% less fat than olive oil²⁶.

Meanwhile, the radio also got its own message across, with 53% of respondents understanding that Flora Cuisine was a healthier way to cook and 42% that it was versatile²⁷.

On a similar note, Vernon & Gladys recipes generated 800,000 views on YouTube, making them one of the top 10 most popular YouTube campaigns of 2011²⁸.

Our inspiring website was viewed by 310,000 Unique users, and was ranked in the top 10 recipe sites in the UK.

Our Facebook page increased its fans six-fold to break the 50,000 barrier.

Our stickering activity in Asda resulted in a sales uplift of 17%.

The trade got on board

We achieved 90% distribution, across the big 4 multiple retailers.

But perhaps more tellingly than this quantitative measure, our retail customers really embraced Flora Cuisine for what it was: a category-growing, value-creating, radical innovation. For instance, the product won Chilled Innovation of the Year in Asda and was nominated as:

- Innovation of the Year in Morrison's
- Innovation of the Year in Sainsbury's.
- Top NPD in the Co-op

²⁴ IRI 2013

²⁵ Europanel 2012

²⁶ Millward Brown Pre-View

²⁷ Millward Brown Post-View

²⁸ All data on rest of this page is from Unilever

There was little or no cannibalization

93% of Flora Cuisine sales were incremental to the category, let alone to Flora²⁹. Moreover, because Flora Cuisine principally took volume from cheaper oils, it brought incremental value to the whole sector. No wonder our customers were happy.

The extension benefitted the parent brand

This is the really crucial bit: not only was there no cannibalization, the new product positively helped Flora's image as a whole³⁰.

For instance, taste-related measures rose by 8% points on average:

- *"Tastes better"*: from 18% to 26%
- *"Very good taste"*: from 20 to 30%
- *"Taste and nutrition"*: from 20 to 26%

Meanwhile, Flora's health-related measures grew by 8% points on average:

- *"Good for your heart"*: from 19% to 31%
- *"Good for your health"*: from 22% to 31%
- *"Family nourishment"*: from 23 to 31%
- *"Control cholesterol"*: from 15 to 19%

And versatility measures increased by 6% points on average:

- *"Good for spreading"*: from 54% to 61%
- *"Good for daily use"*: from 40 to 49%
- *"Good for cooking and baking"*: from 15 to 18%

Overall, there was an upsurge in the sense that Flora offered something different (+6% points), was better quality (+8% points) and appealed more (+9% points).

²⁹ IRI 2012

³⁰ All data in this section is from Millward Brown Pre-and-post research 2012

ROMI

Even allowing for no further growth (which is obviously very conservative for such a strong product), our initial £5.4M sales might have a longer-term value of £13.5M.³¹ Then, applying an average industry margin of 50%³², we can estimate that the brand extension has created a minimum of £6.75M profits. In other words, even with these cautious assumptions, and without even considering the effect on the parent brand as a whole, our brand extension has achieved a ROMI of over 2 to 1³³.

In conclusion

Flora Cuisine was a revolutionary brand extension in a low interest market. There was no guarantee of success. In fact, some observers expressed concern that the disruptive nature of the product might backfire.³⁴ However, by making effective use of marketing resources we have been able to build a new source of revenue that has benefitted Unilever, our customers and our consumers alike. All in line with our corporate vision of helping people *“get more out of life with brands that are good for them and good for others”*.

1999 words

³¹ Based on industry studies (Broadbent, Admap 2001) that indicate that mid/long-term sales of a FMCG brand are typically c.2.5 times those in the advertised year

³² Understandably, Unilever will not divulge its own margins but a 2008 report for the IPA (Marketing in the Era of Accountability) suggested 50% as the average contribution margin for food brands

³³ Based on launch campaign costs of £3.3M

³⁴ E.g. Mintel Analyst Jane Barnett warned that “It will be difficult to move the consumer mindset to buying oil from the chilled section.” (19/3/11)