

Repositioning Food Products to Meet Current Consumer Needs

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I would like to talk to you today on how to keep an eye on today's changing consumer and how to position products along this continuum of consumer change to keep them fresh and appealing.

Leo Burnett has done a lot of work on food products, and we are in fact, the largest food agency in the world. We do work for people like Kelloggs, Kraft, Pillsbury, McDonalds, the Beef Industry Council and Miller Beer. What I would like to do today is talk to you about the types of advertising that we have done, and about how we change advertising in response to consumer changes and as consumer opinions about our products change.

Today's society is in a constant state of flux. The information explosion changes information quickly, often in the blink of an eye. We have to be aware where public opinion lies with our products. A great example of a changed opinion is oat bran. Oat bran was the "magic" food — the perfect food. Marketers rushed to make products that contained oat bran. People wanted to live forever, and this was going to help them do it.

Everyone had products on the shelf. Kelloggs, General Foods — all the big marketers had them out there. And boom...Some "new" information became available and oat bran as an ingredient took a nose dive.

People listen, change their minds, and move on when it doesn't suit them to stay on one place. Competition shifts, consumer opinion shifts, and unless we keep an eye on it, we're going to fall behind.

Now, of course, what we have to do is pay attention to research. We use research to identify the best growth opportunities for our clients and we work hard at this. Identification of a growth opportunity usually consists of **triangulation**, consisting of the market itself, the competition within the market and the consumer. Triangulation helps us identify where we need to logically take the product strategically to make the most sense and to capitalize on the opportunities that exist.

Secondly, we have to define our target audience. We look closely at what their behaviors are, what their attitudes are relative to our product and our competitor's product, and then design a strategic "arrow" that will pierce the heart of that target audience.

Lastly, we need to look at the consumer's decision criteria for selecting our product over another and for using it

more often. We also need to conduct several additional research studies to determine the impact of the work that we do. Are the advertising and promotional efforts that we have put in place targeted towards the consumer the way we intended them? In other words, is the strategy being expressed in a persuasive manner that the consumers can react to? Is it working?

We also have continuous trend data analysis addressing what consumer attitude changes to help us implement needed advertising or product positioning adjustments.

What I'd like to do now is tell you about United Airlines and how we've changed United's advertising to take advantage of an opportunity in the market place.

Let me take you back a little to the mid-1970's, in the days of airlines regulations when the FAA was involved in setting rates and routes for airlines. Passengers had no choice about what it was going to cost to get from Denver to Salt Lake City.

During this period of time, United focused on quality and on the benefits that consumers told us were the most important to them. The benefit that the consumers were looking for was quality service. United took command of quality service by assembling the "friendly skies" advertising.

United Airlines Advertising Video Presented

Quality service was symbolized by the friendly skies. It was what made United the largest airline in the free world and it worked very well for them. Quality service was what consumers wanted.

But then something happened. In the early 1980's, a new hand was dealt to consumers. It was called deregulation. Suddenly all bets were off. Airlines could do whatever they wanted to appeal to air travelers. It was free enterprise in the air carrier marketplace, and many new airlines suddenly found themselves in the business.

Airlines such as People's Express, Texas Air and Piedmont Airlines emerged, many of whom are now out of business. Many new airlines were available for us to fly. They reduced service and talked about bargain prices. People's Express was the leader, telling us to bring our lunch on board. We're not going to serve any meals, but you'll get the cheapest flight possible from New York to Boston.

This put United in a dilemma. United was known for quality service, good airplanes and overall quality. That's how travelers perceived United but with that high quality perception, they also perceived United as costing more. Even though United's airfare was still competitive at the time, consumers thought of them as a high quality airline with a higher cost.

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United had to do something different. After having read these consumer reactions from research in the market place, consumers told us that a new decision criterion had been arrived upon by the air traveler, and that was bargain fares. United had to change its position and develop new advertising that would reestablish it as a high quality service carrier with bargain fares. We did so with advertising like this.

United Airlines Advertising Video Presented

This advertising helped establish United as a carrier that was known for quality and lower prices. We then started looking at some of the consumer barometers that we had in place. Our research barometers told us that the target that we had been aiming at (all air travelers) was becoming a less important segment. The segment that was emerging fast and furiously was the business traveler.

In the middle 80s, the business traveler paid any price for a ticket, stressed professionalism, convenience, dependability and looked for an air carrier that matched their attitude towards their business.

United's image at this time was not that of a business traveler's airlines. So we went back and retooled, based upon what we had learned about business travelers.

We found some music from George Gershwin which became the signature of United Airlines business traveler advertising, and a spokesperson who could talk to the business travelers in a language that they understood.

United Airlines Advertising Video Presented

This is working very well for United. Its share of business travel has increased steadily and they anticipate being the largest business carrier in the world. I stress "in the world" because the positioning is changing once more. Worldwide access in an airline is becoming an important criterion as the world market shrinks. As multinational businesses flourish, worldwide air travel is one of the key characteristics an airline must bring to the business traveler.

Now United is a worldwide access carrier and that is represented by expanded advertising targeted towards the business traveler.

United Airlines Advertising Video Presented

Through the years, United's advertising has shifted to address different target audiences, talking to consumers who have an evolving set of decision criteria when it comes to purchasing an airline ticket.

Last fall, we were fortunate enough to be appointed the agency for the Beef Industry Council. We found that their situation represents another great example of focusing advertising to hit an evolving consumer.

When we first began working for the BIC, we studied the research they had. In the 80s, America was on a mission of self-improvement. Remember the early 80s when all were going to live to be about 2,000 years old and look like Jane Fonda? We did everything we could to make ourselves healthier and stronger, to look younger, and to live longer.

We wanted to eat the "magic" food. We wanted to do the new exercise video. We wanted to take the magic potion. The 80s were a landmark of self-improvement. During this

time, health clubs were sold out, Nike was one of the fastest growing companies in America, and oat bran was one of the fastest growing food ingredients.

This was the point in time when beef was in a dilemma. Everyone knew that beef tasted good, but they also knew why it tasted good. And that's because there was fat in it, and that was the negative word. People did not want to hear about beef. People were paranoid about eating the right food, and beef was not consistent with that.

So people began to eat less beef. The advertising that was done by the beef industry during this time was designed to chase these people, to convince them that it wasn't as bad as they thought it might be, giving them new information. It was targeted to reduce the slow decline of beef eating.

The Beef Industry Council faced the situation head on and it did so with advertising designed to tell people that beef was good and it was good for you.

BIC Advertising Video Presented

Advertising emphasized that beef was good food and that it was good for you. Some ads told people that there weren't as many calories in beef as they thought there might be. Other ads told people that there was good nutritional news about beef. This was the line of advertising that the beef industry used in the 80s.

But in the late 1980's, a change took place in the way consumers thought about food. It turned out that as more nutritional information became available to consumers, they realized that there wasn't a "magic" food. Consumers realized that if they ate reasonably, they didn't have to worry.

They were bombarded with nutritional information, and even though they might be suspicious of the nutritional information, people began to think about how to eat reasonably and how to help their families eat reasonably. They also took a look at themselves, and what they found was that they were pretty busy.

Families are busy. Having a meal with your family is something you treasure because people run around day in and day out with very active lives. Convenience has become more important. People are far more knowledgeable about the kinds of food that are available to them.

Ethnic restaurants have been a big part of this evolution. Pizza Hut with Italian food, Taco Bell with Texmex food — all kinds of ethnic restaurants for people to try today. Also different kinds of foods are available to grocery stores and they are taking advantage of them as well.

People are putting a little more emphasis on convenience and a little more emphasis on interesting meals that they can serve to their families. As a result of this kind of market research, we change ourselves a little bit. We change the target from people who are running away from beef. Those people who know and do a lot about their nutrition represent about 15% of America. We're now targeting the other 85% that are presently medium and heavy users of beef.

The criteria have changed from "beef is good for me" to one that we call "easy versatility." What that means is that we're going to make beef easier for people to plan and prepare interesting meals for their families. "Easy versatility" is

the basis of new advertising that we're doing for beef and here are some examples of it.

BIC Advertising Video Presented

That's the television ad that we're now using. We also have print ads that extend the strategy and talk about the easy versatility of beef, such as preparation in 30 minutes or less.

The advertising is going to concentrate on a) beef's fla-

vor, b) beef's versatility, and c) beef's convenience.

In summary, what I'd like to do is to encourage all of you who have a product or service for sale to keep a research barometer among your customers. Keep track of the changes that occur. Work with people who know how to interpret and act on those changes, because those who can read them best and read them fastest are going to get the most out of their efforts.

Discussion

P. Lewis: When a consumer sees a product that is labeled NO CHOLESTEROL, what kind of an influence does this type of advertising have?

M. Allen: It certainly has an influence on people who are interested in that, but you have to understand that not everyone is absolutely paranoid about cholesterol. What kind of cholesterol? People are getting more sophisticated in their understanding of it. They are also becoming a little more suspicious. There may be no cholesterol, but is there any saturated fat? They get into different kinds of interpretations now and people understand it's not quite as simple as it used to be.

A. Booren: With the 90's, things seem to be moving a little quicker. Decision making, like our products, seems to have a need to be quicker. Do you have a read on the targeted consumer, how the target is moving, and can you predict what's going to happen in the 90's relative to that moving target?

S. Courington: I can't sit here and say what the consumer is going to be like in 1998. I can only say the things you have to look at to try to figure it out. There's a number of things that we have seen that we have to take into consideration. For a long time now, marketers have been talking about something called fragmentation of the market place. All that means is that the market is getting more and more diverse, and you don't have just one or two groups of people. You've got 10 or 15. All the indications are that this trend is continuing and it is growing. In the late 80's, people started talking about micromarketing; in other words you're trying to market to such a small group of people, because all these small groups of people are so different from one another that you have to position your product very specifically. Now that makes it very difficult to market a product. We've gone from mass marketing in the 60's & 70's to micro-marketing. What are we going to do when we don't have the kind of marketing budgets to target 200 different segments of consumers? Some revolutionary new strategies have to come along to help market a product in this kind of situation, since our consumers are becoming more and more diverse. The other thing that is going on is aging of the consumer. This has such powerful implications for everything, including meat; because as people get older, not only do they get more worried about their health but they eat less. Food manufacturers have got to find different products to deal with this aging trend. When you put the aging trend together with the diversification of the consumer, marketers realize that they have some major problems to deal with in these two issues that

are going to drive future consumers.

S. Gundrum: If you go back over the last four or five years, there have been a lot of extremely healthy products. The industry almost went too far and what the consumer is telling us right now is we're not willing to give up all the flavor in our food to sacrifice it for health needs. We're seeing a little more moderation now than we've seen in the past, and we are going to see more of it in the future. Over the next five years, consumers are going to want healthier alternatives as opposed to "health foods."

I think two other things that impact the meat industry directly is 1) the single fastest growing preparation method for food is grilling, a phenomenon that's now happening in the restaurant industry. And 2) we've recently looked at the number of gas grills that are being sold, and consumers perceive grilling meats as a much healthier alternative than even baking or frying. The fact that total meat and fat consumption continued to go up in 1991 is an indication that the consumer is still paying more lip service to health than what their actual behavior is. However, that doesn't mean that we shouldn't participate in the healthy side of the market.

R. Field: I think you've addressed the health issue very well. I see several other issues that are affecting meat consumption and could continue to in the future. One of those is the Animal Rights Movement, and another is the Vegetarian Movement. Another one that both of those groups tie into is food safety, specifically the continuing debate on hormones and antibiotics in meat. Do you feel the present ads are addressing those? Do you even want to address those?

Courington: The present ads are not designed specifically to address those issues. Clearly, these issues are very emotional ones, but our research indicates that they are not major threats for us, at least not from the consumer side. The consumer does not see meat as an animal welfare issue or as an environmental issue. In the future, that could change (anything can change). If these factions find the right marketing approach, they can be more successful than they are now. But we do not have a major campaign directed at these issues. What we have seen in our numbers and in our discussions with consumers is that when it comes to eating our product, there are other issues that are really the center, and these issues aren't affecting the consumption. One exception to that may be the food safety issue which you raised. This is a weird issue because in the consumer's mind, sometimes when you ask them about food safety, they think about food-borne disease. But some-

times they're actually talking about diet health. You have to be very careful when you talk to the public about these issues; because while we see food safety and diet health issues separately, in the public's mind they sometimes get confused and see them as the same issue.

Allen: There's an interesting thing which you mentioned...vegetarianism, and whether there is something on the horizon we ought to be aware of. There's not definitive information available on how many vegetarians there are today versus several years ago. But one of the pieces of information that is available is meat consumption and the percentage of people that eat meat. Meat consumption is increasing. What I had talked about earlier was keeping a research barometer in place so that we can see changes that the product positioning should address. And as yet, the environmental issues and vegetarianism and what has happened with Prime Time Live has not given us a big enough change or perception of change in how the consumer looks at beef, that we ought to change the stance that we're taking right now.

Gundrum: I just wanted to add something about vegetarianism. In 1991, 25% of all U.S. households claimed to have made at least one meatless main meal per week. They claim that this behavior was double of what it was the previous year. Most of those serving occasions came in pasta and sauce entrees. There has been a tremendous, almost explosive, growth in the sale of pasta and the red pasta sauce category over the last five years. That is one entree that the consumer has been able to identify as an opportunity to serve meatless and still have something that satisfies all household members. At the same time, 70% of all

pasta sauce users add meat to their sauce so I don't think we're in any risk of losing a lot of volume to that one meal occasion. But this is an instance of where they have found an opportunity to eliminate meat from the meal and still have something that satisfies the family. The only other entree occasion where they have been able to do that is in the area of stir frying, where vegetable stir fries are something where the consumer is able successfully eliminate the use of meat and still have an entree that satisfies the whole family. Other than that, there's wide spread use of meat throughout all their meal occasions.

The vegetarian population, as we have been able to quantify it, is claimed to be about 1% of the population. It tends to be women who are 45 years of age or older. But even their definition of what being a vegetarian is varies drastically. There is the consumer who abstains from eating red meat but doesn't consider poultry part of that. Those who won't eat poultry or red meat but will eat seafood. Those who abstain from any type of animal protein all together, but that's very, very small. We have not seen that hard-core vegetarian user as growing, certainly over the last five years that we've been watching that "ultra-healthy" segment of population.

The animal rights thing is something that we have rarely heard U.S. consumers talk about. However, in work that we do over in Western Europe where the animal rights issues are very strong, there are products positioned that actually leverage consumer attitudes about animal rights issues to promote their products which are not animal based. That's a very strong influence right now in Western Europe.