FAIRVIEW CHEESE

DESIGN BUSINESS ASSOCIATION
DESIGN EFFECTIVENESS AWARDS 2009

PACKAGING
4.1 Branded Food & Drink

COLEY PORTER BELL
June 2009

COLEY
PORTER
BELL

EXECUTIVE SUMMARY

Fairview is a small company, producing award-winning Brie and Camembert cheeses that competes with Parmalat, producers of Simonsberg cheese, the No.1 brand in the South African market.

Parmalat is a multi-national with stronger marketing, logistics and merchandising infrastructure. This places more pressure on the Fairview cheese packaging as it has to do more than one job – communicating the product benefit, raising awareness and doing a PR job as well.

By mid 2008 the South African consumer was becoming much more price sensitive - price inflation remained high, but both brands had to keep prices stable to maintain consumer demand.

Simonsberg is, on average, 20% cheaper than Fairview and in the current economic climate there was considerable pressure to reduce prices in order to gain share, but as the premium brand this would erode brand value longer term.[1]

CPB were asked to redesign the Brie and Camembert packaging with the ambitious target of increasing brand value in a market that was more price sensitive while reducing packaging costs to help improve margins.

Both these objective were met.

1. Value sales of Brie and Camembert have risen by 17.8% & 23.8% within the first 5 months since relaunch, exceeding the value growth target of 15 %.[2]
2. Unit price of packaging remained at 33c a box despite material costs increasing by 23%. This equates to an inflationary saving of 8% on the packaging, equivalent to a saving of R36,000 a year.

Importantly these increases did not come from the price promotional activity used by Simonsberg. Over the period of the redesign the price differential between the two brands was 24.3%. This was greater than the same period in the previous year (18.4%) when price sensitivity was not as big an issue as it is today.

This shows the role that design plays in keeping brands on the right side of the purchase divide. While competitors were having to gain sales through lowering prices, Fairview remained a brand that consumers were prepared to pay more for.

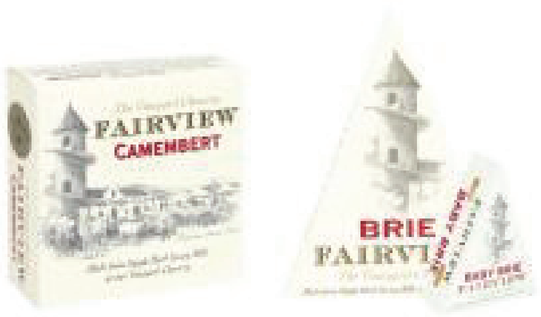
1 FAIRVIEW USED TO OUTSELL SIMONSBERG BY 2 TO 1, BUT HAD BEEN OVERTAKEN IN 2006 AS SIMONSBERG AGGRESSIVELY REDUCED PRICES

2 ALL SALES DATA BASED ON SCANNING DATA - ACTUAL SALES OF ALL CHEESE IN DEFINED PICK 'N PAY & CHECKERS STORES. JAN OCTOBER 07 - APRIL 09

BACKGROUND

Fairview is well known for a resident herd of 600 goats, some of whom like to soak up the sun on the Goat Tower in front of the winery. This is depicted on the old Brie and Camembert packaging.These white mould variants account for 24.7% of total Fairview cheese sales. [3]

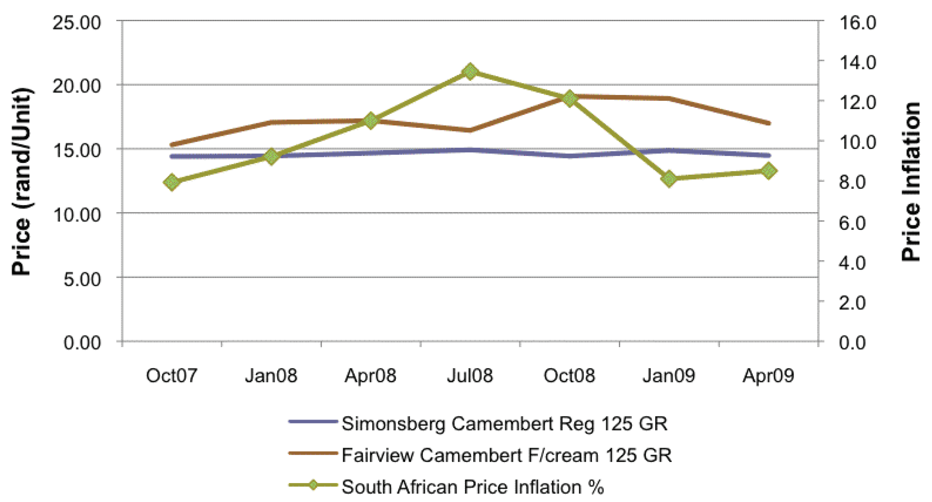
Fairview is South Africa's preferred mass-premium white mould cheese. It has cemented a No. 2 position with 26.8% value share behind lower priced brand leader Simonsberg on 62.4%. [4]



BRAND CHALLENGES

2008 saw SA consumers becoming increasingly price sensitive. While price inflation remained high, both brands had to keep prices stable to maintain consumer demand *(Figure 1)*.

Figure 1. Fairvew & Simonsburg Prices v SA Price Inflation



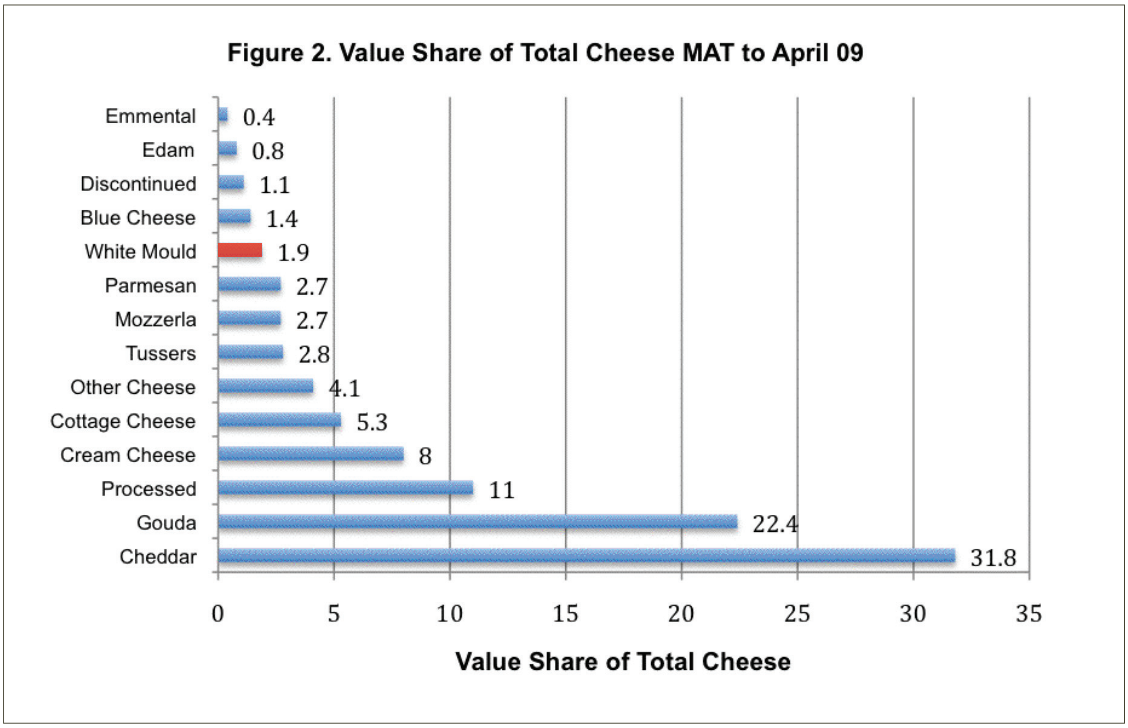
In the current climate there was considerable pressure on Fairview to reduce prices in order to gain share, but as the premium brand this would erode brand value longer term.[5]

[3] INCLUDES 40% REDUCE FAT VARIANT. FAIRVIEW SELLS 23 DIFFERENT CHEESES UNDER THE FAIRVIEW BRAND.

[4] THE REST OF THE MARKET IS EXTREMELY FRAGMENTED AND IS MADE UP OF SMALL ARTISANAL BRANDS AND OWN LABEL.

[5] FAIRVIEW USED TO OUTSELL SIMONSBURG BY 2 TO 1 BUT HAD BEEN OVERTAKEN IN 2006 AS SIMONSBURG AGGRESSIVELY REDUCED PRICES.

A further challenge was how white mould was positioned as a category. All brands sought to appeal to the cheese connoisseur, when in fact the SA cheese buyer remained relatively unsophisticated – shown by the size of the cheddar market versus white mould *(Figure 2)*.



Research on existing packaging confirmed the brand appealed less to mainstream cheese buyers and was also confusing consumers. Goats, for which the brand was famous, were used on a product made from cows milk.[6]

The decision was taken to re-launch the Brie and Camembert variants with the following objectives:

1. Increase value sales of the white mould variants by 15% within the first 6 months.

2. Maintain the brand's price premium over brand leader Simonsberg without sacrificing growth.

3. Use packaging as the primary medium to get people talking about the brand and product benefit.

4. Broaden appeal amongst younger consumers/non cheese connoisseurs.

5. Help improve shelf standout during promotional periods.

6. Reduce unit price production costs in order to increase margins.

Coley Porter Bell were briefed to develop new designs to support the re-launch.

6 FAIRVIEW QUALITATIVE RESEARCH FEB. 2008

BRAND STRATEGY

Research showed consumers were confused by white mould cheeses. They would frequently complain that the product was not ready to eat:

"I'm a big fan of Camembert but there is nothing more frustrating than having to "dig" through the cheese section, only to find that I have to wait another 2 weeks for the cheese to ripen!" Female 35. Western Cape

Based on this insight a new product formulation and proposition was developed: "Ripe and Ready to Eat". It was felt this would help overcome a key barrier to purchase through the promise of added convenience and reassurance of ripeness.

The new design needed to get this message across in a way that had broad appeal. Fairview, and its owner Charles Back, are known for the sense of fun they bring to stuffy categories, so adopting a more irreverent approach to cheese stayed true to the brand overall.

DESIGN SOLUTION

The goats have been replaced by a cow, which roams around the pack - sometimes disguising itself as a bear – as in CamemBEAR.

The design is also premium. The naive illustrative style, natural colourways and a thick substrate suggest small-batch authenticity.

The humorous copy makes the product less elitist. It explains things that the makers of other artisanal cheeses expect the consumer to know - from process to pronunciation.

The foil continues the education process and is printed in a continuous roll, so that with each purchase, the consumer gets something new.

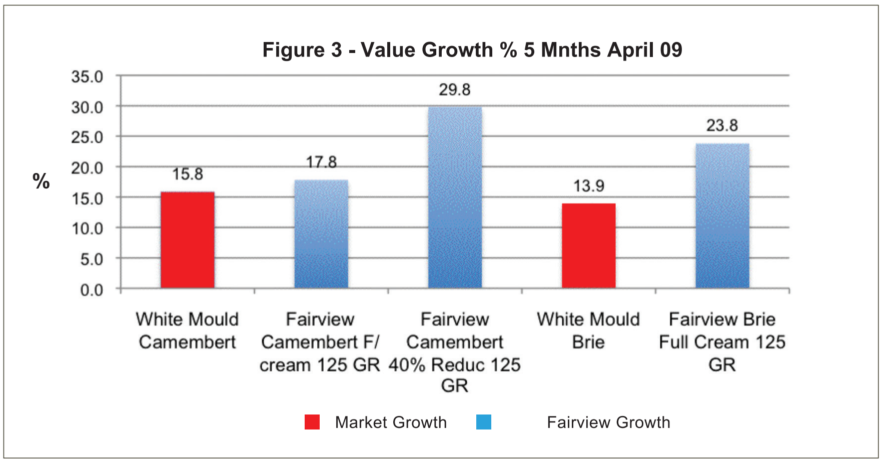
CPB also created a piece of in-store collateral to aid standout during promotional periods. The 'Chalk is Cheap' board showcases the product message, design theme and copy tone.

DESIGN BUDGET: R89,630

Project Launch dates: Rolled out November, full distribution December.

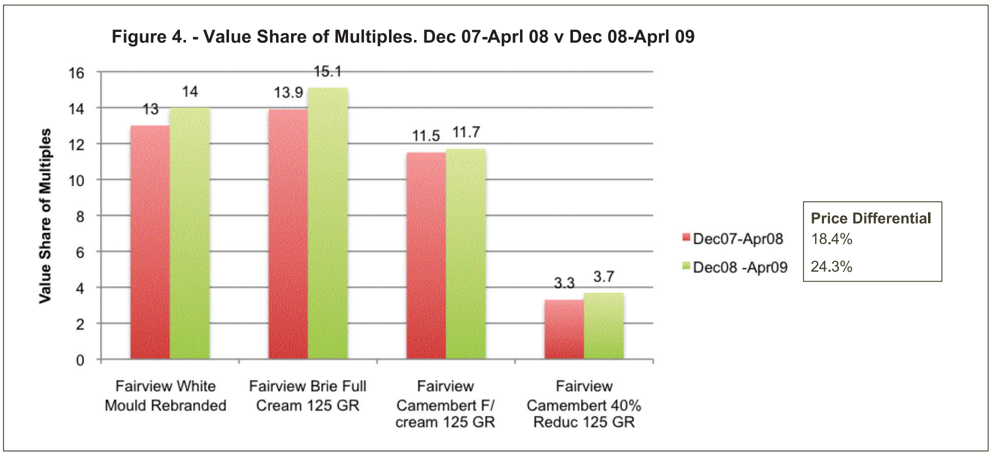
1. INCREASING VALUE SALES

Value sales of Camembert Full Cream and 40% Reduced have risen by 17.8% & 29.8% respectively, and outperformed the market which grew by 15.8%. Similarly Fairview Brie has grown by 23.8%, again outperforming the market *(Figure 3)*. All 3 varients exceeded the value growth target of 15%.



2. INCREASING MARKET SHARE WHILE RETAINING A PRICE PREMIUM

Figure 4. shows the new design has helped Fairview to increase its share of the category without using price promotional activity. Since the relaunch in December '08 the price differential between Simonsberg and Fairview was 24.3%. This is greater than the price differential in the same period a year ago (18.4%) when price sensitivity was not as big an issue as it is today.



3. THE BRAND IS BEING TALKED ABOUT


FOOD

FOOD EDITOR NIKKI WERNER
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what's new *in store*

The mysterious ODDBIN

The Checkers Oddbins range of wines is great in these difficult times as you don't have to downgrade the quality of your quaffer. Checkers has sourced the best wines from each wine-producing region for a good price. The trade-off is the name can't be revealed, only a number. Tip: look out for '248'. From R25,99 to R39,99; stocks are limited.
** Alcohol not for sale to persons under the age of 18*

Chalk & cheese

I can't get enough of Fairview's new 'Chalk is Cheap' range of Brie and Camembert. The cheeses are ripe and ready to eat and the packaging will make you smile. About R20 each.

exotic mushrooms

Locally grown shiitake and king oyster mushrooms (both usually imported) from the Nouvelle Mushroom farm in the Hemel and Aarde Valley are now available at Woolworths stores countrywide. For four ways with mushrooms, see page 150.

chocolate ganache

An impressive instant topping for the chocolate mousse cupcakes on page 155. About R50 from selected Pick n Pay stores and delis.

Easter baking made easy

Nicoletta's sugar sprinkles will make cupcakes sparkle and the writing icing will help you produce pristine Martha Stewart-style messages on your cakes – perfect for the Easter weekend. Cake crystals R31,99 per jar; writing icing R42 per box. See www.nicoletta.co.za for info.

* Prices correct at time of going to print

160 fairlady april 2009

The new design has generated valuable free press. High circulation monthly Fairlady (one of SA's most popular monthly magazine) ran a piece specifically on the new packaging putting the brand in front of the ideal target audience. The cost of an equivalent advertorial in PR value terms would be R88,284 PR value based on 3 x card rate of R29,428.[7]

CONSUMERS UNDERSTAND THE PRODUCT BENEFIT

"I want to thank the clever people at Fairview for their brilliant idea to supply "Ripe and Ready" products to the public." [8]

"The new ripe and ready to eat cheese I bought was what I'd always wanted but could never find!" [8]

...AND DESIRED BRAND PERSONALITY

"The presentation of this cheese is perfect. It had us all in stitches around the table. It was so original, and as with a lot of your products, tongue in cheek. Whoever did the writing deserves a medal. Even the bar code was original!" [8]

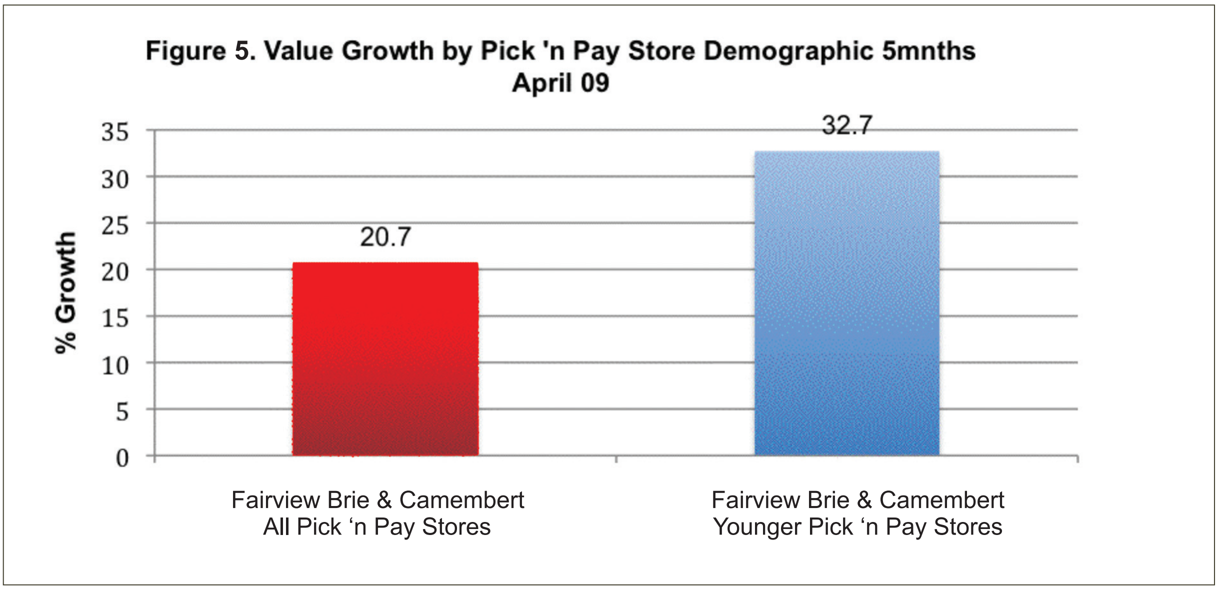
*"After reading my Fairview Brie packet I just had to write and say how much I enjoyed the giggle it gave me.
I agree - your brie is 'blerrie lekker'".*[9]

7 JAN-DEC 09 RATES. FAIRLADY SPIKES IN LSMS 6, 9 AND 10. (LSM 8-10 = ABC1). 59.5% OF ITS READERS ARE AGED BETWEEN 25 AND 49 .
8 ALL QUOTES - WRITTEN LETTERS TO FAIRVIEW CUSTOMER SERVICES, FEB 2009.
9 "BLERRIE LEKKER" MEANS BLOODY NICE.

4. ATTRACTING YOUNGER CONSUMERS

Fairview do not use tracking studies and it is too soon since the launch for TGI to have picked up any shift in demographics. As an alternative we have analysed the demographic profile of individual Pick 'n Pay supermarkets to identify which stores attract a high proportion of younger families (due to their location) and compared these to all other Pick 'n Pay stores (i.e the average).[10]

This analysis suggests that Fairview is attracting younger shoppers, as Figure 5 shows. Facings in these stores did not change over the period of launch. Promotional activity and pricing remained consistent.



5. IMPROVING SHELF STANDOUT...

The response from retailers to the new design has been unremittingly positive.

"Fairview's new packaging is funky yet informative. You have combined humor and creativity to create very unique look. It's great work."
Kate van de Vyver, Fresh foods Buyer, Pick 'n Pay Western Cape

"The response to the new pack design has been fantastic. The retailers believe the packs not only look great but clearly communicate a real benefit that will attract consumers."
Chris Davis, Marketing Director, Fairview

Since launch, store visits suggest that this positive response has lead some retailers to spontaneously use the brand as a display worthy 'feature' within the cheese shelf giving the brand greater standout without actually gaining more facings.

[10] YOUNGER STORES UNIVERSE - MELKBOS & WATERSTONE VILLAGE.

....AND PROMOTIONAL PERFORMANCE

The brand used price promotions twice over the period of the redesign. However the brand was also promoted to the same extent over the same period a year ago so we would argue they balance each other out.[11]

The new design has actually helped increase the effectiveness of price promotions. Comparing the 2008-9 December promotion in 58 Pick 'n Pay [12] stores with the same period a year ago shows a 89.45% increase in volume sales versus the prior period. The price offer was the same at R14.90, and distribution remained consistent. The only significant difference was the packaging and new product message *(Figure 6)*. This shows the value of using one design theme across both point of sale and packaging.

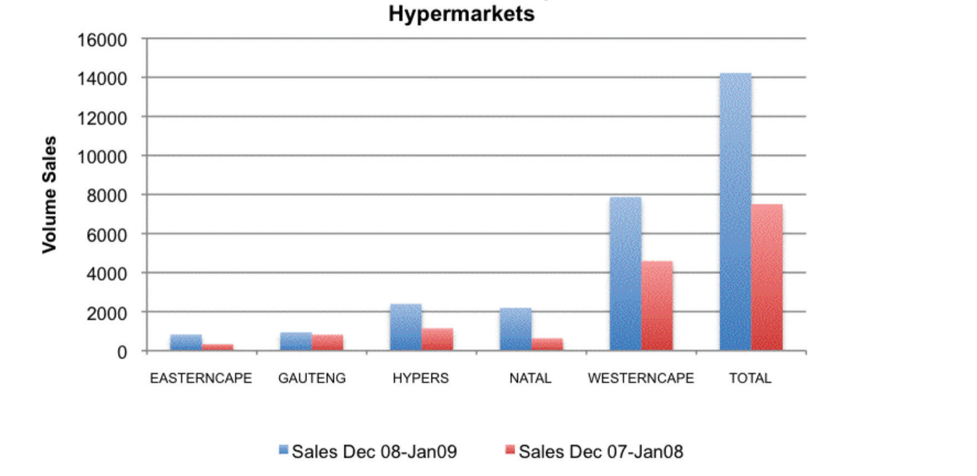


Figure 6. Promotional Volume Sales: 8 Dec 2008 – 11 Jan 2009 VS 8 Dec 2007 – 11 Jan 2008 in 47 PnP Supermarkets & 11 PnP Hypermarkets

6. REDUCING COSTS AND RETURN ON INVESTMENT

The new design only uses 2 colours and a cheaper printing method, consequently we have been able to keep the unit price constant at 33c a box despite the fact that material costs have increased by 23%.[13] This equates to an inflationary saving of 8% on the packaging. Fairview have also been able to cut down packaging holdings by a month, which equates to another 1% saving. Therefore total saving = 9% of 33c = 3 cents per box. Fairview use about 50 000 boxes of each per month, per variant. Therefore anticipated sales for 1 year = 1 200 000 units (brie & cam combined) x 3 cents = saving of R36 000 for the year.

Total value sales for the 3 variants in the 5 months since launch comes to R1,778,174 in Pick 'n Pay and Checkers. Based on a 10% margin [14] that equates to R177,817 profit. Based on sales alone, the R89,630 design cost paid for itself within 2.5 months of launch.[15]

11 THE BRAND WAS PROMOTED FOR THE SAME LENGTH OF TIME IN BOTH YEARS AND THE PRICE DISCOUNTS WERE SIMILAR AT BETWEEN R14.50 AND R15.00 ACROSS THE SAME STORES
12 PICK 'N PAY IS THE SOUTH AFRICAN EQUIVALENT OF TESCO.
13 FAIRVIEW DATA/PAARL LITHO PRINTERS, APRIL 09.
14 FAIRVIEW PROFIT AND LOSS STATEMENT, APRIL 09.
15 WHILE WE CANNOT REVEAL ACTUAL CHANGES IN THE MARGIN, FAIRVIEW HAS INDICATED THAT THEY EXPECT THIS TO INCREASE OVER THE COURSE OF 2009

A FEW WORDS FROM OUR CLIENT

"In a small family owned business, we find it very difficult to compete against the big multinational players. These companies have very strong marketing, logistics and merchandising infrastructure in place, which makes it extremely difficult for the small players like ourselves to compete. The cheese market is dominated by supermarkets and virtually no specialist retailers exist, which is where a company like ours would have ideally done business. This has put more pressure on our packaging and it now has to fulfill more than just one role. Aside from the practical and physical aspects, it has to not only attract the consumer's attention but communicate with them and even do a marketing and PR job as well. Having worked with CPB on this project, they understood this well and came up with very edgy and innovative packaging that uses humour (of which we have an abundance) to communicate our brand and product. The response that we have got from our consumers is exactly what we wanted."
Charles Back, Owner of Fairview.

As a result of the success of the packaging Fairview are exploring opportunities to extend the new identity across other Fairview cheese products.

DISCOUNTING OTHER FACTORS

There was no above the line advertising, direct mail, paid for PR or other promotional activity during the 5 months since launch.

In-store sampling did occur during the peak December month but was not continued over the following months and therefore cannot have contributed to continued increases in share in the ensuing 4 months.

Distribution was already at a high level and remained more or less the same over the periods under review and has not increased since the re-launch.

SOURCES

All sales data based on scanning data - actual sales of all cheeses in defined Pick 'n Pay & Checkers stores. October 07 - April 09.

All quotes - written letters to Fairview customer services, Feb 2009.