

REDD'S

Category 4.1: Packaging Branded (Food & Drink)

Client: SAB Miller

Agency: Pearlfisher

2009 Entry



pearlfisher

EXECUTIVE SUMMARY

REDD'S sweet, light beer aimed at women was an instant hit when it launched in Russia in 2004, making it one of the fastest growing brands in SAB Miller's premium portfolio. At its height, it had 4.1%¹ volume share of the super-premium beer market in Russia.

¹AC Nielson

But its success inspired global competitor brands to launch super-premium light beers into the market, and as a result its volume market share fell to 2.6% by December 2007². REDD'S simply couldn't justify its elevated price positioning when other brands were offering more premium packaging at much lower price points. And in a market where style and class is everything, REDD'S unimaginative colour codes and lightened masculine beer cues meant image conscious women didn't want to be seen drinking it. In short, REDD'S was in desperate need of desirability in a crowded market place.

²AC Nielson

As such, it asked Pearlfisher to look at its identity and positioning to compete with its stylish rivals. REDD'S had found that broadly targeting the female demographic wasn't effective, therefore, Pearlfisher repositioned it as a fashion accessory for stylish young women aged 18-25.

The new bottle design was launched in January 2008, and in its first year saw total volume sales grow 22% year-on-year³. In the four months following the new can launch in May 2008, volume sales in the super-premium market fell by 8%, but REDD'S grew its volume by 26% as a direct result of can sales⁴. Quantitative research also recorded a 77% trial rate in October 08, the brand's highest ever influx of new consumers, while KPI scores for 'stylish' and 'different' doubled compared to 2007 results, helping to justify its elevated pricing⁵.

³Business Analitica

⁴Business Analitica

⁵IPSOS

Proof that even when the overall market is declining, people still believe in super-premium products if their offer is strong, single-minded and desirable.

Word count: 294

PROJECT OVERVIEW

Project brief

REDD'S initial launch in 2004 successfully appealed to a previously uncatered for super-premium female audience. But once other sophisticated global brands arrived, it couldn't justify its elevated price positioning.

In 2006 its sales volumes and market share had slumped and it decided to re-evaluate its positioning, asking Pearlfisher to put together a strategy, identity and packaging solution that would bring new consumers to the brand and build consumer loyalty.

Project outlines:

- Create a defined, focused and unique positioning and identity
- Design an identity to appeal to sophisticated female consumers
- Increase the taste and premium cues
- Create an experience through the packaging
- Overcome the trial barrier, getting more consumers trying REDD'S

Launch date

The revitalised REDD'S bottle was launched in Russia in January 2008 and the new can in May 2008.

Design budget

The identity, including logo, graphic design, primary and secondary packaging, guidelines and POS templates was completed for £153,000.

Description

REDD'S is a sweet, light beer created for the super-premium female market. Initially aimed at 18-35 year olds, it has been repositioned as a stylish accessory for 18-25 year olds. At 35 Rub, it is one of the most expensive beers on the market yet is in the country's top 30 beer brands¹.

¹AC Nielson

Market overview

Since 2006, REDD'S has operated in a competitive market, crowded with global imports such as Carlsberg, Becks, Sol and Turborg, all offering light, female-friendly beers and fighting for supremacy in the aggressive super-premium market².

² Client-verified data

A tough economic climate in Russia is hitting super- premium brands hard with consumers opting for premium and mainstream brands. The total super-premium beer market has been stagnating since mid 2008 and has fallen from 10.59% to 10.49% in six months³, with total volume in hectolitres falling by 8%⁴ between June and September 08.

³AC Nielson.
Percentage of the total Russian beer market.

⁴Business Analitica

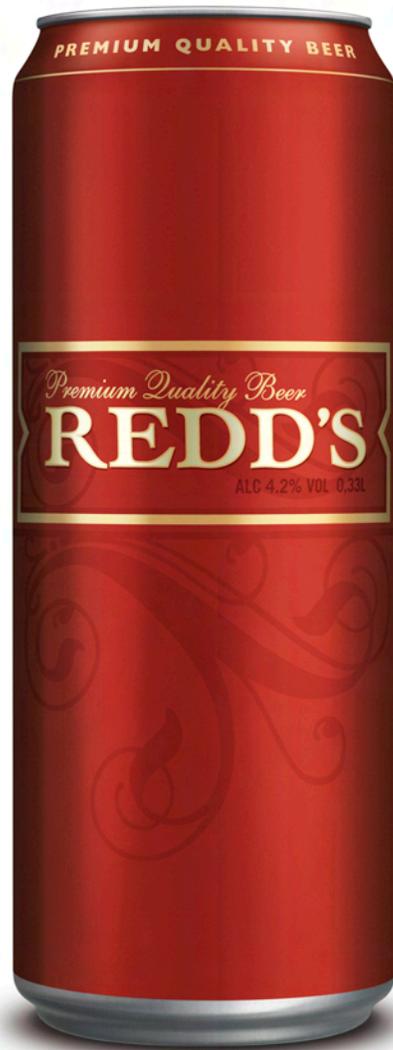
REDD'S parent company SAB Miller stated⁵: "Key areas like Russia posted a seven per cent decline in sales volumes, which the group attributed to de-stocking of wholesaler inventories over the second and third quarters.

⁵ Beveragedaily.com
SAB Miller posts early 2009 lager decline
16 April 2009; Neil Merrett

Economic conditions deteriorated in the second half [of 2008] and consumer demand has fallen in most markets, particularly in the fourth quarter".



The original design for REDD'S.



Pearlfisher's new REDD'S identity and design of the core bottle and can

Design solution

Femininity and premium style have been brought to the fore. The logo has been elegantly re-crafted, while the label has been changed from a traditional oval to a strip that acts as a belt, accentuating the bottle's curves and form.

A scroll device gives the brand a unique and ownable pattern that can be used on and off-pack as a stamp of luxury. On the bottle it is used as a 360° embossing; the scroll stops just short of the mould edges so while the eye sees a continuous pattern, the two halves of glass needn't match perfectly and the label can be placed anywhere, saving on costly registration devices.

The can has a sleek, matt finish, which was a market first, going against accepted premium drinks cues of high shine varnish and emphasizing REDD'S differentiation from other brands. An ownable red colour palette enables superior on-shelf stand out and increases functional taste cues of sweetness and lightness.

New flavour variants launched in early 2009, have been given their own unique colour palette and scroll, reflecting their individual personalities.

SUMMARY OF RESULTS

REDD'S has returned to form with a success that has far exceeded expectations. With a striking design that makes it a sophisticated contender in the female beer market, in the year since launch it has seen a 22%¹ year-on-year volume increase despite a declining super-premium market. It has also retained its high price point despite fierce competition. Moreover, it has steadily grown its market share and is carving an upward path for itself in the super-premium segment.

¹AC Nielson

Qualitative and quantitative research shows that REDD'S core image KPIs of 'stylish' and 'different' have increased dramatically, doubling their scores compared to 2007², and helping to justify its elevated price positioning.

²IPSOS

Volume sales increase

As a brand affected by seasonality (summer drinking), REDD'S measures performance against the same period the previous year. When the new REDD'S bottle launched in January 2008, it recorded a 31% year on year volume growth compared to the same period in 2007. In the first year since relaunch, it recorded a 22% year-on-year increase in sales volume, from a total of 2.45 million hectolitres between January and December 2007 to 3 million hectolitres in the same period in 2008³.

³Business Analytica. These figures have been rounded up or down to nearest whole 100,000 litres for clarity

The can is king

The new 33cl can format was introduced in May 2008, just as the super-premium beer market started stagnating and REDD'S bottle volume growth started to level out. It gave REDD'S sales volumes an extra lease of life and grew from an initial 3,000 hectolitres per month to 90,000 at its height in August 08⁴. In August 2008, REDD'S recorded its best figures to date, selling 360,000 hectolitres, with cans making up 27% of this volume⁵.

⁴Business Analytica. Figures as above.

⁵Business Analytica

No cannibalisation

In September 2009 when can volume sales had reached their strongest point, there was still no sign that this was as a result of taking volume sales from the REDD'S

⁶Business Analytica

bottle. Bottle volume sales were at 253,500 hectolitres in September 2009, up 456,000 hectolitres compared to the same period the previous year⁶.

Lower manufacturing costs

Due to more efficient bottle production with the new design (for example, the 360 degree scroll embossing meant there was no need for label registration), costs fell by 4%¹. While the exclusive can was imported from Germany and brought with it higher production costs compared to the bottle (+ 14%²), it represented a significant rise in volume that made it a worthy investment. Overall, the total brand margin for production per hectolitre fell slightly from 3,525 to 3,516 Rub/HL.³

¹Company-verified data

²Company-verified data

³Company-verified data

An efficient ROI

The project required low capital investments and REDD'S saw its investment paid back within one month⁴.

⁴Company-verified data

Increase in volume share

Just a few months after relaunch and REDD'S started to regain volume share of the super-premium segment, rising from 2.61% at the end of December 2007 to 3.32% by November 2008⁵. The can launched just as the super-premium market was starting to fall, helping REDD'S volume market share to rise from 2.97% to 3.33% between May and Sep 2008⁶, while the total super-premium market fell from 10.59% in May to 10.49% during the same time⁷.

⁵AC Nielson

⁶AC Nielson

⁷AC Nielson

Increase in volume sales while total market fell

Between June and September 2009, REDD'S recorded a 26%⁸ growth in volume sales, while the volume of the super-premium market began to drop, falling by 8%⁹ in the same period. The can has been the reason behind this sustained success through a difficult period for the market¹⁰.

^{8,9 & 10}Business Analitica

Value up over volume

REDD'S value share of the total off-trade beer market in Russia has grown faster than its volume growth, reflecting its sustained high price positioning. While volume share has grown from 0.28% to 0.38% from Dec 07 to Dec 08, value share has risen 0.77% to 1.05% in the same period¹¹.

¹¹Monthly Audit Report National

Price justification

The super premium price (a Weighted Average Market Price of 300¹) was hard to justify with the old identity, hence the loss of market share when increasingly premium-looking competitors entered the market in 2006. One of the aims of the revitalisation was to give REDD'S permanent justification for its price ambitions through its packaging and identity. The 300ml can is slightly less volume than the 33cl bottle, yet commands a higher shelf price 37.45 Rub versus 35 Rub², reflecting both its higher production cost and more super-premium appeal, thus achieving this aim.

¹Company-verified data

²Company-verified data

More consumers trialling REDD'S

Qualitative research carried out in October 2008 shows the conversion from 'aware to trial' reached 77%³, the highest ever level recorded for the brand. This means new consumers have been attracted to REDD'S and the consistent conversion from 'trial to occasional' suggests that the core consumer base has been strengthened as a result of the new look.

³IPSOS

Improved consumer perceptions¹

In this super-premium category looks are critical. High design values, innovative packaging and sophisticated communications are now entry-level must-haves rather than differentiators. REDD'S initial design simply couldn't compete against the lower prices and better looks of its rivals².

¹ Unless otherwise stated, all data is provided by IPSOS

² Qualitative data prior to relaunch:

"For those who want to be stylish but not."

REDD'S new positioning as the ultimate style accessory means the new identity and packaging had to achieve just that – making it *the* beer to be seen with. Whereas, traditionally, beer packaging focused on freshness, heritage and provenance leaving marketing activities to tell the wider brand story, REDD'S employed an integrated approach using every element from can to communications to create the idea of the ultimate style accessory. Thus, packaging played a crucial role in the brand experience, using innovation and equities from other premium categories such as fashion and perfume to make the bond between product and consumer truly special.

Several rounds of qualitative and quantitative consumer research ensured that the packaging innovations were strongly validated by consumers and clearly answer the brand objectives. Consumers felt proud to drink the new-look REDD'S and felt that it had strong premium cues and feminine connections³.

³ Qualitative data post relaunch:

"I can easily imagine myself choosing this beer during the first date, sitting in a café. Why REDD'S? Just because by choosing this beautiful bottle I implicitly want to show the guy – look, me and this bottle – we are so much alike..."
(Competitive beer brand users, 18-24, St Petersburg)

Before redesign there had been a trial barrier with a mismatch between consumers' expectations driven by the sophisticated communications, and the bottle that failed to fulfil consumers' premium expectations. Moreover, it lacked differentiation among the cluttered competitive set. Now qualitative research shows that perceptions have clearly changed. REDD'S core image KPIs taken prior and post launch show:

	Oct 07	Oct 08
'A brand created specifically for women'	35.7%	53%
'A stylish brand'	16.5%	34.6%
'Different from other beers'	22.6%	46.3%

"The old bottle looks equally good in a male and female hands, the new one is definitely for females only."
(competitive brand users 18-25, Moscow)

A turnaround that is a direct result of its sophisticated new identity.

RESEARCH

AC Nielson

IPSOS

REDD'S financial data (including Monthly Audit Report National)

Business Analitica

Beveragedaily.com

INFLUENCING FACTORS

There has been no change in advertising spend, with the same amount spent in 2008 as in 2007, but the new communication campaign now focuses on the 18-25 year old target consumer rather than sending out mixed signals. And it now uses the highly sophisticated identity and voice created by Pearlfisher to tell its story as a stylish fashion accessory. As the 'fashion accessory' in question, the new bottle and can is often the first point of contact between consumer and brand, therefore, playing a crucial role in telling the story.