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THE SECRET SAUCE FOR THE MODERN BRAND:

FOOD MARKETING SECRETS FOR MILLENNIAL BRAND SUCCESS



BARKLEY, A TOP TEN INDEPENDENT AD AGENCY



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Marketers are quickly realizing that the Millennial generation is more than just a “buzz” topic – and with good reason. As a whole, Millennials already account for 21 percent of consumer discretionary purchases, totaling \$1.3 trillion in direct spending power. Millennials are also entering into their peak spending years as they are starting their own families and becoming powerful economic players. However, the biggest reason Millennials are becoming the most talked about demographic – their influence.

The influence Millennials have on the market has even altered the language brands are using when discussing target audiences. The term Millennials is quickly changing into “Millennial Mindset” or even more broadly, “Consumer Mindset for the Modern Brand,” as a result of their influence on purchase decisions made by people outside their age-defined generation.

New trends are a result of changing market behavior predominately influenced by the Millennial Mindset. Think tanks that watch for the emergence of consumer behavior have a better understanding of where consumer trends are heading. We have seen recently that a majority of these new trends are directly related to food. Other cultural trends tend to be bigger movements that have not yet made the progression into the food arena. The key is to be on the upside of these new trends as they are gaining momentum; as time continues, the moment to capitalize decreases. The opportunity is to bring new products into the food market that capitalize on the bigger cultural movements. This tends to allow a brand to be first or have more impact in the marketplace.

Below is a synthesis of the key Millennial Mindset trends influencing food today.

TREND #1: VISIBLY SUSTAINABLE

Millennials are a generation that builds stronger connections to brands that promote sustainability in addition to corporate responsibility. The combination of these two key values encourages companies to implement viable business practices throughout the company's entire ecosystem. That includes suppliers, consumers, employees and more. Additionally, brands are now being looked at as living organisms. Millennial Mindset consumers will look for brands that bring greater awareness to all stages of the product life cycle: from vendor-partner selection, to the output of waste, to the sustainability of manufacturing, to transportation of products, to controlling food waste at the end of product usage. All of these aspects of the product lifestyle must be brought to the attention of consumers by using a more authentic approach.

In general, consumers are reaching the point where it takes an incredible amount of effort to live a more sustainable life. The trend is to now purchase brands and products that make it easier to maintain this sustainable lifestyle.

KEY TAKE-AWAYS:

- Brands and products that have a deeper sustainable story will resonate more with Millennial Mindset consumers.
- Keep things like portion size and waste in mind. Products that allow consumers to open only what they need while providing permanently sealed packaging for what is not used is highly valued within the environmentally friendly demographic. Consumers more concerned with product life cycles do not want to throw away packaging just to bring out other storage containers for the same purpose. This trend shows us that wasting food is the enemy of a sustainable lifestyle.

TREND #2: FOOD WITH BENEFITS

Millennials have introduced a new “friends with benefits” culture. All joking aside, this trend has influenced the way consumers are purchasing products and brands. Millennials are more concerned with what they will gain from a product vs. what has been left out – there is more focus on the benefits. These benefits will be more emotionally charged to improve quality of life, energy, healthfulness, etc. The key for brands in the food space is to make a connection between the benefit and the product. As a result, front product packaging will become a billboard of motivational statements that will draw the attention of the Millennial Mindset consumer looking to receive greater benefits from products.

KEY TAKE-AWAYS:

- Look for emotional benefits that come from the functional product attributes. Don't over think this. Sometimes just reminding a consumer what's inside helps bring your brand/product to the front of the pack.
- Transform the packaging of the product into an advertising billboard promoting the product benefits instead of functional attributes.



CHIPOTLE'S: *THE SCARECROW*

TREND #3: EAT WITH YOUR EYES

Sharing food photos on social media has changed how Millennial consumers think about food. The popularity of the hashtags #foodstagram and #foodporn on social media outlets like Instagram and Pinterest show how the Millennial generation uses food to capture the attention and engagement of friends online. We see that Millennials are using food to contribute to their own social image. The increase of food related content online has created a generation of “visual eaters.” This trend is directly linked to the fact that Millennials look at food preparation as an experience and are cooking more exotic and ethnic creations that stretch their culinary muscles in the kitchen. The more Millennials are using Pinterest and other photo based outlets to share their culinary creations, the more their friends want to prove that they can be creative in the kitchen as well. This has fueled what has come to be known as “Pinterest envy” – resulting in even more food content online.

KEY TAKE-AWAYS:

- To appeal to an image-based Millennial Mindset, brands should incorporate photos into their design and packaging graphics. Images of fresh ingredients should be used to illustrate unique and authentic flavor profiles.
- Design products that provide plate appeal and are easy to make – eliminating the disappointment felt when the end result does not look like the photo on the package.

TREND #4: FRESH FASTER

Millennials are the first generation to grow up completely immersed in the digital world. These digital natives have created a “must have it now” mentality that is being transferred into the food market. The surge of the connected consumer is transforming everything, from cars into mobile hotspots to home goods linked with online remote controls – technology has been introduced to almost every aspect of a Millennial’s life. Food is the next great frontier.

Millennials want to have fresh foods but don’t always have the time to cook. Most consumers are willing to pay more to make things more convenient in the kitchen. Additionally, innovations in fresh water will help Millennials eat healthier and prepare food faster.

KEY TAKE-AWAYS:

- Refrigerated meals that appear fresher with healthier ingredients but can be prepared quickly will win with Millennials.
- Millennials value food products that allow for shorter cooking time so meals can get from the freezer or refrigerator to the table in a shorter amount of time.

TREND #5: HEALTHY NOT WEALTHY

More and more Millennials are able to purchase products that were once only available to affluent consumers. Think about smart phones, automobiles and furniture; they all have developed options that bring luxury to the masses at affordable prices. This begs the questions, why does food act differently? Why is the health food section of a grocery store compiled into a tiny little area, while the rest of the store is filled with foods full of preservatives and chemicals? Why do Millennial consumers feel they have to go to specialty stores in order to buy fresher products? Millennials are food-smart and are beginning to demand higher quality, healthier foods be more affordable. If this Millennial petition is not carried out within traditional grocery stores, specialty stores will own the entire market. Eventually, it will become the responsibility of food manufacturers to bring down the cost of healthier foods.

KEY TAKE-AWAYS:

- Brands that are the first to make better-for-you foods more affordable will gain more loyalty among Millennials.
- Strive for affordable foods with cleaner labels and more sustainable practices.
- Remind consumers it is a journey, you will not be able to bring better food to the market at more affordable prices overnight. But you should always be investing in future opportunities that can help make this a reality each and every day. We call it the Blue Ocean Pyramid where you are constantly investing in small bets that could have great returns in the future.



TREND #6: RISE OF TRANSPARENCY

The movement to buy locally grown products has created a food-smart Millennial consumer. Millennials want to better understand where their food is coming from, who is making it and where the ingredients are sourced. Brands that can bring food knowledge into their product experience could be big winners in the race for transparency. Technology can be a solution to bringing food awareness to interested consumers.

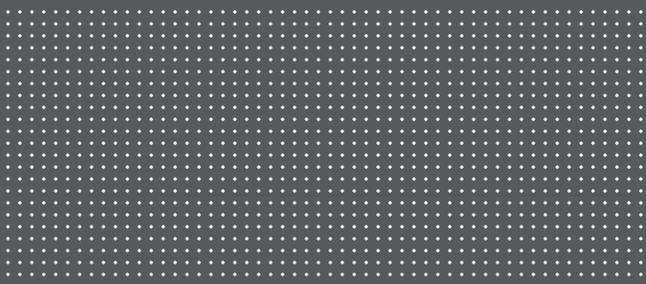
KEY TAKE-AWAYS:

- Be transparent. If possible go beyond transparency and aim for “radical” transparency.
- Show where the food came from. Create a connection between the consumers and the manufacturing process of food products.
- Show who is making the food and where it is being made. For Millennials, transparency does not just relate to business ethics. Consumers want to know who was involved in food production and want to make sure the food is clean.
- Share more about the ingredients in your products. Where are they coming from? Who is providing them? The story of the ingredients could set your brand apart from the competition.

Millennials are reshaping the food industry. They shop differently, they view brands and private labels differently and they have different views on what high quality food is. Their values and beliefs are influencing Millennial Mindset consumers across generations. Having a better understanding of what is driving the Millennial Mindset consumer in your category should be the new standard for new product development.

A note about the trends – we certainly carried out our own secondary search to gain more insight about where the true landscape is. We retrieved information from top think shops like Mintel, Nielsen, Trendwatching.com in addition to a multitude of other resources. We also used our own proprietary research, including one of the largest quantitative studies conducted on the attitudes of Millennials and a follow-up study on Millennial parents (called “Millennials as New Parents: The Rise of a New American Pragmatism”). This study identified five unique parenting segments and attitudes. No other two studies provide such an in-depth look into the Millennial Mindset.

BRANDS TODAY SHOULD WORK TO CREATE A CULTURE OF INNOVATION. CONSUMER INSIGHTS SHOULD BE SHARED WITH ALL DISCIPLINES WITHIN THE ORGANIZATION. THE BRAND MUST BE OWNED BY EVERYONE EMPLOYED. **INNOVATION CAN COME FROM ANYWHERE.**



REIMAGINE YOUR APPROACH TO INNOVATION.

In order for a brand to maintain momentum, innovation is key. However, innovation is difficult. According to Nielsen, only 10 percent of new products succeed. This explains why the stakes are so high for brands to invest in true innovation. Let's face it, if innovation is not the primary goal, either another CPG will create a better product, or a retailer will take this on and deliver it directly to consumers in their stores.

Here are four steps to consider when developing your innovation strategy for private brands.

STEP 1: BETTER UNDERSTAND YOUR CONSUMERS' NEED-STATES.

Need-states are not simply eating occasions. Rather, they identify a more emotional and participative need that your category satisfies. Need-states could include: connections, fuel up, recovery, self-reward and self-expression. Ask yourself; do you really understand the emotional reasons consumers are buying? If not, consider a need-state study. A need-state study not only identifies the larger emotional territories for consumption in the category, but you can then determine which product segments best fulfill each need-state. Consumers tend to migrate to different product segments in a category depending on their needs.

	Need State #1	Need State #2	Need State #3
Product segment #1	XX% of purchases	XX% of purchases	XX% of purchases
Product segment #2	XX% of purchases	XX% of purchases	XX% of purchases
Product segment #3	XX% of purchases	XX% of purchases	XX% of purchases

This provides one more way to focus your innovation.

The next layer of a need-state study is to over sample your key strategic accounts. This way you can actually determine which need-states and product segments over index for a particular customer. Think about a selling story where you can show a customer where they dominate specific need states and products segments (must defend) and where there is opportunity (they must grow through new offerings).

Fully understanding your consumers' needs could unlock opportunities for brand innovation.

STEP #2: IDENTIFY WHAT TYPE OF INNOVATION YOUR PRIVATE BRAND IS STRIVING FOR.

P&G offers four great definitions of innovation:

- **Commercial Innovation** – exploits current benefits and drives new levels of trial through commercial activation of a brand (advertising, sponsorships, promotions, etc.)
- **Sustaining Innovation** – important improvements to current product offerings that enhance current benefits which enable a brand to grow share (upgrades and line extensions)
- **Transformational Innovation** – big breakthroughs on existing brands that reset competitive advantage, resulting in share gains and category growth (new forms or usages)
- **Disruptive Market Innovation** – creating new categories or disrupting current categories with new segments to drive true incremental consumption (new categories or segments)

The fact is, many brands settle for “me too,” “fast followers” or “flavor extension” innovation. This is fine for a point of entry, but doesn’t offer any differentiation for your brand from other products in the market. Here is the real test – look at your category sales and see what is happening when a name brand is on sale vs. when a private brand is on sale. If sales are just being traded out, there is no value being added to the category. Brands should start striving for more breakthrough innovation. This requires looking at consumer and cultural trends that your category could capitalize on. Think about where the category could be in three years based upon trends happening today. These up-and-coming trends should fuel your new product development strategy.

STEP #3: CROWD SOURCING INNOVATION.

Inspiration for new products may be right at your fingertips. Many brands fail to realize the power that online conversation has on Millennial Mindset consumers. When looking to innovate, spend time abstracting insights from social media platforms. Some of the best ideas can be found from actively monitoring conversations online related to your product category and brand. This is not only the most effective way to engage current and potential consumers, but it is also a cost effective way to bring new insights into the creation phase of a new product.

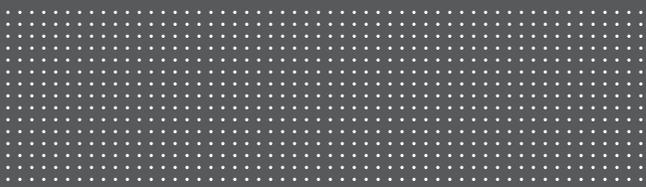
While crowd sourcing is not new, many brands make the mistake to only implement this type of research during the idea stage of product development. Millennials value brands that involve them throughout the creation process. Consumers want a larger role in shaping the end result of a product, not just the initial idea. Consider how innovation touch points can be expanded so consumers feel a closer connection to the final product. In order to successfully co-create a product that consumers will take ownership of, crowd sourcing should be implemented into every facet of product development.

STEP #4: TEST PRODUCTS WITH ALL POTENTIAL USERS.

Consumers in the kitchen are becoming tired of acting like short order chefs creating multiple dishes that must appeal to a variety of different taste preferences at the dinner table. Three factors come into play:

- 1 Time and effort** – it takes too long and too much extra work to prepare foods just for the picky eater in the household.
- 2 Money** – having to buy extra food to appeal to a variety of different preferences costs more and Millennials are already cutting back on other needs to pay for groceries.
- 3 Waste** – as previously mentioned, waste is the enemy of any homemade chef. Millennials are unhappy when food goes to waste because the dish was disliked or not eaten as leftovers.

Families will come to appreciate products that are loved and enjoyed by THE ENTIRE dinner table. Many times we short change the product experience, only doing taste tests with the primary shopper, not the end users within a household. If you are making a product consumed by the entire family or by spouses and friends, test the concepts and taste profiles with the larger audience. You may win over the purchasers, but repeat will be impossible if the end consumers don't love it too.



BUILD A BRAND WITH A HIGHER PURPOSE.

The reality is this: Millennials believe in brands with a higher purpose – they believe in powerful ideas that align with their values. There is a tipping point where brands that are winning in the marketplace are standing for more than just their bottom line in ways that are more transparent and authentic than ever before.

We call it a Modern Brand Mindset.

Now, brands need to place more focus on creating ideas that they can share ownership of with Millennials. In return, Millennials are looking for brands that add to their story. It's not a question of, "what can you do for me," but "what can you add to my story" or "what are you doing to help make my life better?"

THE FIVE TENETS OF A MODERN BRAND

We boil it down to what we call
“tenets of a modern brand.”

1 LIVE THE BRAND INSIDE AND OUT.

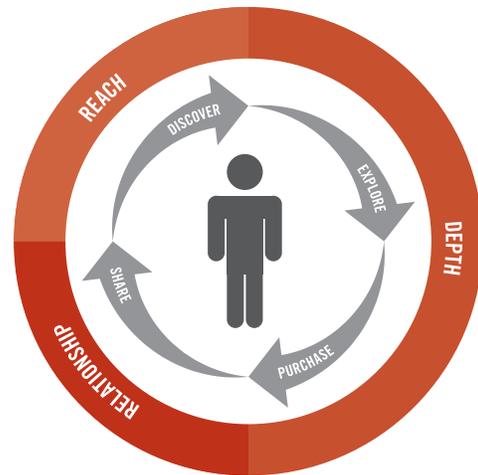
Essentially, brands must start to change their mindset on the inside before they promote their image on the outside. Brands that are winning are energized from the inside out. Employees do not just have a better understanding of the product, but rather are fully living the brand experience.

2 TREAT CONTENT AS FUEL.

Think about how fuel adds energy to a car – it is the same thing with your brand. The goal is fuel consumers by actively engaging them. Focus on participation versus one-way communication. This will get consumers energized and connected with the brand and product. The traditional purchase funnel that was fueled by one-way communication is dead. In the old model, after a consumer made a purchase, there was nothing left to do.



If you look at the new model Forrester introduced, you will notice a dramatic change – it’s fluid. There is no beginning or end. Purchase, powered by social media, becomes Share. Share is the most influential starting point for brand discovery.



This doesn’t mean that advertising is dead. Instead, think about how channels and advertisements can build real relationships between a brand and a consumer. The goal of an advertisement should be to add depth and channels that promote greater reach.

In order to remain top-of-mind, brands need to do more than just create awareness or brand understanding through communications. They need to continuously fuel consumer participation through content that is engaging. This will lead to consumer preference of new brands that will often trump awareness of mature brands that are following the old model.

3 SHARED BRANDS + INSPIRE PARTICIPATION.

Millennials have rewritten the brand-value equation. The former definition of value truly is dead. Now, it is best described by this new value equation (below).

$$\text{BRAND VALUE} = \frac{\sum \text{Functional, Emotional \& Participative Benefits}}{\text{Price}}$$

The inclusion of participative benefits into the equation proves that we really are moving into a Millennial-inspired participation economy.

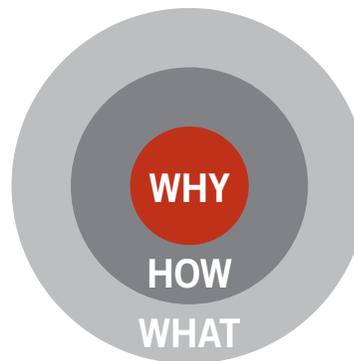
The value of the brand is defined by how it allows consumers, who function as a partner, to “own their share of the brand.” The goal of all communications between the brand and the consumer should lead to a two-way conversation, further engagement or an action.

4 CREATE USEFUL ACTIONS + EXPERIENCES.

Become a brand of action. Consider the question, what passions do we share with our consumer, and how can we inspire them to take action? Successful brands also have an “editorial authority.” Just like a magazine has the authority to speak on different topics, so should your brand. In a Modern Brand world, brands have a point-of-view beyond just the product. They create and share content that adds value to consumers’ lives. Facebook, Twitter and Pinterest are three outlets that help brands to expand their point-of-view. The goal is to share a bigger mission or passion with consumers.

5 STAND FOR A BIG IDEAL.

When thinking about how to own an ideal, look up Simon Sinek, How Great Leaders Inspire Action. Essentially, Sinek explains that in order to truly connect with consumers and stand for a big ideal, a company must know more than just what is being made and how - it must know the “why.”



People don't buy what you do or how you do it... they buy **WHY** you do it.

The **WHY** must be relevant to the consumer, not the internal audience.

Search:
Simon Sinek "How Great Leaders Inspire Action"

It all boils down to, "Why should your consumer care? Why should your employees walk into their office every day and be motivated to do something brilliant?"

Frankly, this is where most companies fall short. Many brands really don't have a "why" that has been articulated and shared with consumers. The “why” is an important aspect of a successful brand model because it allows a brand to align itself with the belief and values it shares with the consumer audience. The “what” and “how” of a brand or product can be duplicated, but the “why” is what sets the brand apart from the competition.

THESE ARE THE FIVE TENETS THAT WE FEEL ARE CRITICAL, GOING FORWARD.

TREAT YOUR CONSUMER AS A PARTNER.

Something that helps bring these tenets to life is to change the brand mindset and consider the consumer to be a partner, not just a target. This shift in perspective automatically changes the conversation about the role consumers' play. They are no longer just a receiver or purchaser of your product, but instead, are a partner in building your brand.

Brands must start thinking about developing experiences that lead to conversations. This will generate a community of consumer-partners that will ultimately help with idea creation and sharing.

The Millennials value of living in the here-and-now is going to be more important than ever. This is where CPG brands are at a big disadvantage. CPG brands tend to live in the past (spending too much time studying the past) or worrying too much about what will happen three to five years from today.

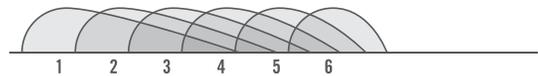
The focus should be put on what is happening on a day-to-day basis. Think about re-building your entire communication model around the conversations that are happening now. This way, you can observe how ongoing changes and adjustments to strategy based on current behaviors and conversations can be made. This focus will provide brands with better insight into what consumers are responding to today and how to successfully capitalize on that response.

The key is to adopt a waterfall approach to communications and innovation. Iterative design is just gone. Now, we're looking at a much more fluid design process, where brands are constantly looking, exploring and refining what they already have.

OLD MODEL
PHASE



IDEAL MODEL
PHASE



Brands now must be smarter and more nimble. They must identify key stakeholders and make them more accountable partners in every phase of the development process. The implementation of a system that allows brands to be able to adapt to trends and behaviors quickly and produce rapid prototype content versus getting bogged down into heavy processes of reviews and asking the question, "how many people need to see that" is key. Consumers need to be energized and motivated to engage in conversation with a brand about something they believe in. You have to add fuel to your brand.

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