KAE

Development News

PUBLISHED FOR SENIOR EXECUTIVES INTERESTED IN DEVELOPMENT

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KAE

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* A VERY SUCCESSFUL AND PROSPEROUS 1986 TO ALL OUR READER FROM ALL AT KAE DEVELOPMENT!! *

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1. RAFFLES - RUFFLING THE FEATHERS OF THE CIGARETTE MARKET

Introduction

The cigarette market, in common with many others, has had its share of product failures over the years, which is perhaps why the success of Raffles is of particular interest.

Launching a new cigarette brand successfully is no easy task - particularly when one considers the amount of publicity and pressure to discourage the smoking habit, coupled with the restrictions surrounding the methods by which cigarettes can be advertised and promoted, resulting in a market which is declining at the rate of 2% per annum.

Prior to 1984, Philip Morris was represented in the UK market only by Marlboro. This brand had become the world's biggest seller, but had never attained that position in the UK and did not seem likely to improve its position or its 2-3% market share. A large part of the reason for this is that Marlboro is blended to suit the American taste and, despite a reasonable level of acceptance among certain sectors of the UK smoking population, has been unable to convert the majority whose preference is for the Virginia blend historically used in virtually all UK brands.

The development of a new cigarette for the UK market, therefore, represented, for Philip Morris a high level of commitment to gaining additional share of that market, a commitment which has continued through the development and launch programme and one which has undoubtedly contributed greatly to its success to date.

The market positioning of Raffles was carefully identified as one which was likely to prove successful. However, a consideration uppermost in the mid of Philip Morris was to avoid any cannibalisation of their flag-ship brand, Marlboro.

The trend in recent years has been to longer cigarettes, helped by changes in the way in which duty is levied which has made them better value for money. This longer-length sector now represents something in the order of 85% of sales volume and has itself segmented with the emergence of a sector designated "longer than King Size" (LTKS). There is fierce competition in this sector, most major manufacturers having brand representation in it; it is, however, a growth sector and it was here that Raffles was positioned. This places Raffles, without any particular heritage, in direct competition with brands such as Benson & Hedges Longer Length and John Player Superkings both of which can capitalise on the image and awareness built up by their shorter (King Size) sister brands.

The decision to make Raffles a low to middle tar cigarette was hardly surprising since this is the level of the main brands in the LTKS sector. Low tar cigarettes have not, in the main, been very successful because they have been unable to deliver in terms of 'taste' and the low tar sector has remained static at around 15% for some years dominated by Silk Cut. The voluntary agreement by cigarette manufacturers to bring tar levels down is creating more activity within this sector but there are no indications as yet that the incompatibility of low tar and taste satisfaction has yet been resolved.

Being positioned in the LTKS sector of the market meant that Raffles needed to be perceivedas a 'quality' cigarette in order to compete with the already well-established quality image of brands such as John Player King Size and Benson & Hedges. The declared intention of Philip Morris was to create a brand which would encourage "smokers to come out of the closet and enjoy their pastime". Raffles would be a high quality cigarette, elegantly packaged and backed by extensive and distinctive advertising. An important part of this positioning was the need to appeal to women who have been less susceptible to the pressures to stop smoking than men and now out- number them; women are particularly important in the LTKS sector.

The pack design for Raffles is undoubtedly one of the most controversial aspects of the brand - not because it is incompatible with the image and positioning, but because of its close resemblance to the pack used by Imperial Tobacco for its well established John Player Special sleek black with gold lettering. This design undoubtedly fits with consumer requirements in the market sector into which the brand was launched: it is elegant, it denotes quality, it appeals to women without alienating men and vice versa and it has been seen to work successfully with JPS.

Imperial Tobacco, makers of JPS, were sufficiently outraged by the similarity of the Raffles pack to go to litigation and to do so on more than one occasion. Their case was not, however, upheld despite the fact that Raffles could be shown to be taking share from John

Player Special. Whether this decision means that yet more brands will appear in the future clothed in elegant black and gold or whether some new colour-coding for up-market cigarettes will have to be found, remains to be seen!

Perhaps one of the most important strategic decisions in the launch of Raffles was its launch price. This was pitched rather lower than other prestige brands in LTKS sector selling at 99p for 20. The price rose after the introductory period in test market to levels of around £1.08 (£1.16 RRP) but this still represented good value to the consumer compared with main competitors.

Summary

Thus, having established the need for a new cigarette within the UK - a market which must have been somewhat disappointing to them, in comparison to their worldwide dominance - Philip Morris approached the problem in a commendably logical fashion.

i) The taste of the brand was specifically developed for the UK consumer.

ii) The brand was positioned within the expanding "longer than Kingsize" sector, with a tar (and therefore taste) level in tune with market trends.

iii) Philip Morris recognised the importance of a "quality" positioning, and of the necessity to include women within the target audience.

iv) The packaging and advertising were developed to be entirely consistent with the quality positioning of the product. Although clearly important to the success of any new product, the pack is vital with the realms of cigarette marketing.

v) The product was initially pitched on a psychologically significant price-point, at a time when the consumer was particularly sensitive about the cost.

Results

So what does all the careful planning and development conducted by Philip Morris add up to in terms of achievement?

The controlled test market in the South saw the Raffles brand share rise to 6% of the market and this success was continued after national launch. 1985 saw Raffles take the number one position in the LTKS sector in its original launch area and become the eighth best selling brand nationally.

This represents for Philip Morris a doubling of the share of the market which they enjoyed with Marlboro alone, without any significant loss of share for that brand.

KAE Comment

The success of Raffles illustrates a great many of the features which characterise new product successes and which are often patently missing from those products that fail. Having recognised the growth limitations for Marlboro in the UK, despite its worldwide brand leadership, Philip Morris set about tackling the problem with a high level of commitment and a clearly thought through strategy. Care was exercised in identifying the most appropriate market sector, the requirements of the target market in terms of both product and positioning in that sector and this was then followed through in a single-minded fashion through a successful and controlled test-market to a national launch. The need for high promotional expenditure in order to ensure success was accepted and the expenditure well utilised. While success can never be guaranteed, the lessons which can be learned from new developments such as Raffles undoubtedly show the value of single-minded commitment and careful planning.

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2. DURACELL - DURABEAM

Historically, conventional wisdom has suggested that in identifying potential development areas for new products, growth markets are likely to offer the greatest opportunties. However experience has shown that because growth markets attract a great deal of attention, entry into such sectors is usually a "free for all" with too many products chasing insufficient sales. Therefore companies that have decided that they would prefer to be big fish in little ponds have often been more successful in profit terms in their developments than those chasing the more fashionable growth markets.

KAE have often encouraged their clients to consider "flat" and even declining market areas, as such sectors usually do not attract new comers, existing suppliers within the market are often complacent or dissillusioned about the sector, and are looking for new pastures themselves, and therefore an exciting new product can take share relatively easily and even revitalise the sector. A classic example of this is the launch by Lever Brothers of "Frish", which doubled the size of the static lavatory cleaners market and achieved a 60% share of the expanded total. This was achieved by taking a completely fresh look at the market and satisfying previously unfulfilled consumer needs.

One company which has recognised the validity of this argument is Duracell. It is interesting to examine their first development away from batteries which is providing a new area of opportunity for Duracell.

Background

Until two years ago Duracell was a one product company with Alkaline batteries. The company had determined that in the first instance diversification should be in areas close to their existing business where they could use the brand values associated with their batteries. Other important considerations to the Duracell management were distribution profile and international potential. Duracell have quite a large salesforce in the UK calling on a large number of different types of outlet. It was felt that Duracell's salesforece had the capacity to carry more lines, and any new product which had a similar distribution profile could prove attractive as it would share the battery overhead. International appeal was also important to Duracell as all other Duracell subsidiaries throughout the world shared the problem of being one product companies, and therefore Duracell's UK management recognised that a product with international appeal would be beneficial to the company on a world-wide basis.

Choice of Market

In the assessment of which market to enter, one obvious route to the Duracell management was products which used batteries. The most popular battery operated items included toys, electronic games, calculators, radios, personal hi fi, and personal products such as shavers and torches. Toys, electronic games and calculators were major growth markets when Duracell started their investigation, but it was already clear that toys and games were very fashion - orientated and calculators were tumbling in price as the market became oversubscribed. Radios and personal hi- fi's were also price competitive, and developing fast with hi-tech companies investing heavily in technology and design. Personal products also had some heavy-weight companies fighting for share, these companies again investing heavily in technology. Thus, although sharing a similar distribution profile to batteries, these markets were rejected by Duracell because of their competitive and volatile nature.

On the face of it the torch market looked fairly unattractive because it was quite small, static, and the products had not changed for years. However, the main suppliers were companies Duracell knew well - its competitors in the battery market, Ever Ready, Vidor and Varta - and Duracell believed that they could bring something new to the market which they viewed as "soft".

Product Development

Duracell carried out a detailed assessment of the market and the products available. They also researched how and why consumers used torches, what appealed to them about torches currently available, and whether there were aspects of torches that could be improved. One fact that Duracell discovered about existing torches was that on the whole, consumers were not particularly satisfied with torches. Although it was not a product that was particularly "top of mind" most people owned torches, and most people tended to use them in an emergency - for such things as leaks in the roof, burst pipes, losing the dog at night. Often the situation where the torch was used was difficult, people needed their hands free to tackle a job but found they had to hold the torch in order to direct the beam, and if they put it down they knocked it over and broke the lens. The on-off switch was also a problem because it was unreliable. Duracell started to address these problems, making the lens directional, so it could be angled to shine the light where required if put down on a surface. The lens was also protected by a lid when not in use, opening the lid switched the torch on, and the whole casing was made of a robust plastic which would not crack easily if the torch was dropped, while, last but not least, the torch was attractively designed in black with a yellow strip feature. Duracell conducted research, consumers confirming that it was a product they wanted to own. The final product came in two sizes, home and pocket, also including batteries so, although considerably more expensive than many other torches on the market it was ready to work and the customer did not have to buy the batteries as well as the torch. This approach has now been copied by other torch manufacturers. The Durabeam was also the first torch to be advertised, and, as the comments below indicate, the advertising was very effective in communicating to innovative design of the Durabeam.

Trade Views

Consumers and trade buyers were impressed by the care and attention to detail. Retailers were complimentary:

"The Durabeam products were pretty well researched, well packaged, they got their distribution right and sell aggressively". (Grocery Retailer)

"It is technically a better product. It is more expensive but can carry the cost". (Electrical Retailer)

"We used to have Ever Ready torches and they were fairly static. When Durabeam came along we started to push them properly and sales have grown" (Variety Store Chain)

"I went round with the reps when Duracell had just launched their torches and I actually saw women coming into the shops with cuttings from magazines asking for the torch, I've never seen that happen before". (Wholesaler)

Results and Further Development

Undoubtably the entry of the Duracell Durabeam, as the new torches were branded revitalised the market and sales grow, but the major proportion of Duracell's share came from sales taken from the existing suppliers. In value terms Duracell now have somewhere in the region of 20% of the market.

However the company has not rested on its levels and a year ago launched the Work Torch. This is a much larger, more robust torch for people who are out of doors a lot in the dark. It is ideal for people who work at night and have to walk in darkened areas, or people who camp etc. The torch has a strong beam but can also be used as an area light making it very versatile. This torch has also sold well despite the fact it costs £13.95 including batteries.

Conclusions

Duracell have made a real success of the Durabeam range - investing the torches with the brand qualities of their batteries: durable, well-designed, well thought out and technically far superior products to competitors. They have obtained wide distribution in the UK and have also developed a global product, the range of torches is now sold throughout Europe and Canada, with other countries to follow soon.

Duracell have continued to research their products to see how they have performed in the market place, and as a consequence have completely changed the torch packaging as research indicated that people liked to see the product before they bought it.

KAE Comment

KAE has been very impressed by the thoroughness of Duracell's torch development programme and feel that other companies should follow their example and have a less blinkered view of the potential for few products in some of the less exciting market sectors. Duracell's attention to detail in development projects is also an example well worth following!

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3. DEVELOPMENT COMMENT

i) The Mega Merger - A New Opportunity?

Everyone seems to be in a state of daze following the incredible rush of major bids recently. Will Argyll succeed with Distillers or Imperial with UB or Hanson with Imperial or GEC with Plessey? What is certain is that the scene will never be the same again whether these bids succeed or not, because managers feel under pressure to pull off other big deals. There are usually also all kinds of new opportunities arising from such bids. We have talked about the trend towards disposals in the past: a large acquisition or merger (if indeed there ever is a real merger in practice) can lead to a number of businesses which do not fit easily within the larger organisation, important changes can lead to important new opportunities.

ii) Exciting New Savoury Snacks

The recent announcement that Hunters Foods will sell . and distribute Bahlsen's savoury biscuits and snacks through outlets other than retail grocers could boost the volume of the innovative snacks which have been so popular on the Continent for some time. Pizzy bites, sesame seed products, Salzbrezel and Salzletten are just some of the products which could obtain wider distribution.

We believe that this market is keen on variety, so trial is no problem, though repeat purchase obviously is. British consumers will have much more opportunity of initial trial of interesting products than ever before.

iii) Shopping at Home

Most of the schemes involving supermarket shopping by computer have been very slow to get off the ground, so one needs to consider with some caution Telecard's new scheme through Prestel, which will start in Kensington, Chelsea, Hammersmith, Fulham, Wandsworth and Camden. Deliveries for orders over £35 will be free and shoppers will be able to choose from 3,500 branded food, drink and household items.

One day this approach is bound to become very popular; whether Telecard has the resources and expertise to make it work is an unknown factor. We wish them well.

iv) Old Product/Brand Development

Beecham's success with Horlicks, Ribena and Lucozade shows what can be done when a company looks at its current resources and decides to rejuvenate its brands. Brylcream, if it succeeds, will certainly be the best example yet of such rejuvenation.

Yet why did Beecham get into that state? Would Mars have accepted the ownership of such great brands without trying to develop and redevelop them all the time? The Mars approach to old product development is rare; most companies have great resources in brands allowed to smoulder in the background. We have even done some research ourselves on many such brands which show high consumer awareness without having been advertised for many years.

Every Chief Executive should look at his Brylcreems and Ribenas at least once a year and ask the question: "Are we optimising our resources?"

v) Independent Grocers and Self Medication

A recent research report showed that almost 80% of independent grocers are asked by members of the public about what they should buy for minor ailments. This is not surprising, especially in the case of convenience stores with long opening hours. There must be increasing scope for pharmaceutical manufacturers to market their products more strongly to the independent retailers.

vi) Self Diagnostic Kits

The self-diagnostic kit market is one which is still in its infancy in the UK, though the pregnancy kit sector is well established and Unilever's recent achievement of brand leadership within just a few months from entry shows what can be done with a technically superior product.

In the US, home diagnosis kits are estimated to be worth $800 million currently and include, in addition to pregnancy testing kits, the following:

Ovulation test kits

Blood pressure monitoring kits

Diabetic testing devices (blood glucose)

Diabetic testing devices (urine)

We will never reach the same kind of sales volumes in this country, but nevertheless we continue to believe that this is an important opportunity area.

v) Luxury Own Label Products

Now that own label Champagne is almost taken for granted, one should not be surprised that the Spar Landmark group has introduced its own exclusive cigar under the Halberd label. Are no product categories immune from own label? We suspect that the answer is no. This is the real world and acceptance of it can lead to opportunites to suppliers as well as to retailers.

vi) R&D In Electrical Manufacturing

A recent BEAMA survey found that the average R & D expenditure by small and medium sized UK electrical manufacturers was only £3,000! Half claimed to spend nothing on R & D at all.

While it obviously makes sense to use other companies' R & D and manufacturing where relevant, this is surely an amazing finding and may explain some of the problems that we have in this country with regard to innovation which even in the case of electrical appliances is much more than just design.

If the same study had been carried out in Japan or Germany, we believe that the findings would have been vastly different. We hope that the survey results will make at least some of the medium sized manufacturers think about the implications.

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4. TRENDS FROM ABROAD

Keeping Tabs on Patents

Many people in Western Europe and North America are finding it increasingly difficult not only to secure the protection of their own technical developments but to keep track of developments in other countries. This is necessary not only to remain informed as to what is going on but also to avoid inadvertently infringing foreign patents, through not being aware of their existence. Accordingly, the president of the German Patent Office in Munich has begun to compile an universal patent register. This ambitious project is designed to cover patents on all products, registered anywhere in the world. The only problem that he has at the moment, apparently, is that he lacks either the space to store the register or the people with the technical expertise to compile it properly! However, he hopes to be "half-way there" by 1995.

Sludge Monster

KAE Development News readers might be amused to know that somewhere in the world there exists a publication which rejoices in the title of "Sludge News-letter"! It can be easily identified by its distinctive brown logo and bio-degradable paper. To be more specific, this publication is concerned with developments in the treatment of sewage in Austrialia, and this month brings news of a wonderful new development from Southern Cross Laboratories PTY Ltd. It concerns the creation of an accelerating chemical, which is essentially a mixture of bacteria and enzymes which speeds up the process of degradation of organic waste products. The new product is said to reduce smell and to prevent pipes from becoming blocked by grease and scum.

High Speed Computer

The Japanese electrical company NEC has developed a new machine which can handle Prolog, which is a programming language for artificial intelligence. This new machine is the fastest of its kind in the world as well as having the largest memory capacity. This development was undertaken on the instructions of the Japanese State Institute for New Computer Technology as part of the first phase of a ten year development programme, begun in 1982. According to "Japan Computer Industry Scan", the new machine can handle 200,000 logic steps per second. This means that the machine is five times bigger than one developed in the previous year. The new machine is known as the Co-operative High Performance Sequential Inference Machine.

Robots about the House

According to Robotronics Age News Letter, the market for electronic home-helps in Japan will be worth $2000 million by 1990. These gadgets will take over a great deal of traditional housework. For example, they will be able to control the flow of hot water into a bath and ensure that it reaches the correct quantity and temperature. They will also be able to prepare complete meals. Additionally, it will be possible to phone up and check whether the robots have shut the windows and switched off the hot plates on the cooker! Presumably, future generations of robots will be able to tell whether their owners have been out drinking, or whether they have spent the evening with another robot!

The Smallest Factory in the World

The Japanese watch manufacturer, Citizen put on a special exhibit at the International Industrial Robot Show in Tokoyo. This was described as a matchbox factory, measuring 10 cm x 5cm x 5cm. This mini factory was protected by glass and contained mini robots which turned out wrist watches, with complete accuracy, 24 hours a day and 365 days a year. The only supervision needed was someone to put in component parts at one end and take away the finished watches at the other.

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5. IDEAS FROM ABROAD

1. An American company is introducing a new range of frozen VIP gourmet vegetables packed in special microwavable containers for putting straight into the microwave oven. A tab is lifted on the top of the box for water to be added then closed for cooking. There are at present 14 different varieties.

2. An extension to Kraft's pourable dressing range in the USA is a mushroom dressing variety, which comes in regular and reduced calorie versions. We hear that Kraft is also test marketing a creamy ranch-style pourable dressing.

3. Pocket sized disposable toothbrushes are available in the USA which can be bent to any angle to reach difficult areas in the mouth.

4. In Holland a shoe repair paste named Marathon is available in white, brown, black and transparent colours. It is for repairing worn training shoes as well as rubber, leather and synthetic shoes.

5. Seen at the Anuga Exhibition and made in West Germany were tea flavoured sweets offered as 'simulating and hearty' - from the caffeine content we presume. Made from Assam tea and fresh milk, the sweets are individually wrapped.

6. Instant coconut milk powder is available from the Philippines, made from dehydrated fresh coconut milk, maltodextrin and sodium caseinate. (Due to an advanced spray-drying technology they claim). The manufacturer says the product retains the taste, aroma and colour of the fresh milk.

7. Also seen at the Anuga Exhibition, Bur from the USA is vegetable toast, described as toast slices with 9 vegetables (carrot, onion, celery, red and green peppers, garlic, tomato, cabbage, parsley and broccoli) in each slice.

8. What is thought to be the first furniture polish/ cleaner in mousse-form is being introduced in the USA by Grow Groups Trewax. It is described as giving paste wax protection, adding life to wood and cutting frequency of cleaning.

9. From Australia comes Rico Garlic in foil sachets, which is a natural crushed pure fresh garlic in ready to use form.

10. A ready-mixed breakfast drink from France contains milk, sugar, chocolate malt, wheatgerm, honey and concentrated egg, for heating before serving. It is called P'tit Dej and comes in 1 litre paper packs.

11. Plastic pellets that melt in boiling water into malleable

putty have been introduced in the USA. They can be formed into any shape and when cool they harden into a hard and tough plastic that can be carved, drilled, sanded and planed.

12. Stick Type Creap sounds as though it should be in the insect house at the zoo, but is in fact a creamy powder for coffee from Japan. It is packed in 3g stick packs.

6. NEW PRODUCT MONITOR

This issue covers two recent food products - Heinz Invaders and Smith's Crispy Tubes. Both were in the Supermarketing Top Twenty list announced last March, Heniz Invaders being rated fifth and Smith's Crispy Tubes tenth. Consumer research through BMRB was carried out for KAE in August 1985 with a national sample of 906 housewives, while Stats MR conducted retail audits in 1727 grocery outlets, also in August 1985. Finally, we carried out trade enquiries ourselves in December 1985.

Background

Heinz launched Heinz Invaders nationally in February 1984 and claimed that it had settled at around 10% of the canned pasta market by the end of 1984. Heinz had spent some £50,000 on pre-launch research and seem to have found a way of appealing particularly to children through such pasta shapes as planets, moon bases, astronauts and spaceships as well as through appropriate packaging design and advertising (£2½ million was spent on marketing in the first year). The Heinz brand was obviously most relevant and the brand extension exercise was treated as a major new product.

Following a successful area test market, Smiths launched Crispy Tubes nationally in the middle of 1984 with heavy TV support. Smiths identified a potential opportunity for a more adult savoury snack than most of those on the market and met it through extruded hollow tubes made from potatoes. Within a year the product had become Smiths third most important savoury snack and has led to a number of other snacks being positioned for adults rather than children.

Consumer Trial

Housewives Claiming to Have Ever Bought - Base 906

	Invaders %	Crispy Tubes %
All	18	20
With Children	43	45
Without Children	6	6
15-24	26	26
25-34	37	43
35-44	35	35
45-54	9	11
55-64	7	4
65+	4	4
AB	20	23
C1	17	18
C2	20	24
D	18	19
E	16	13
LN/TVS	16	23
AG/CNT	16	14

	Invaders %	Crispy Tubes %
HR/TSW	19	23
YKS/TT	22	17
Granada	22	18
Scotland	20	18
Acorn Family		
A	7	13
B	21	20
C	18	19
D	17	8
E	23	22
F	19	17
G	24	27
H	6	19
I	15	17
J	19	22
K	14	21

Source: BMRB/Development News

Both products seem to have achieved high levels of claimed trial and both seem to have a similar demographic profile, with strong bias to housewives with children and very litle trial among housewives over 44. While such targeting is perfect for Heinz Invaders it may be a little disappointing for Smiths who clearly would not want to limit their market to households with children.

Heinz Invaders seems to have achieved good trial levels in all groups except those over 44 or households without children and in Acorn Groups A and H (Agricultural and Multi-Racial Areas respectively). Crispy Tubes only real weakness in Acorn Groups was in Groups D and A (Poor Quality Older Terraced Housing and Agricultural Areas respectively).

Recent Buying

Housewives Claiming to Have Bought in Last Month - Base 906

	Invaders %	Crispy Tubes %
All	11	12
With Children	27	30
Without Children	3	2
15-24	18	18
25-34	23	28
35-44	20	23
45-54	6	6
55-64	3	2
65+	2	1
AB	9	13
C1	8	11
C2	14	15
D	12	12
E	10	9
LN/TVS	10	14
AG/CNT	9	7
HR/TSW	14	13
YKS/TT	11	10
Granada	14	12
Scotland	9	13
Acorn Family		
A	5	6
B	12	12
C	10	14
D	13	6
E	13	12
F	14	11
G	19	19
H	6	9
I	6	10
J	10	13
K	5	9

Source: BMRB/Development News

Buyers in the last month again show the bias of both products towards housewives with children. Heinz Invaders also seems to have relative strength in the C2D classes and in Acorn Group G (Poorer Council Estates), while there are weaknesses in Groups A, K, H, I (Agricultural, High Status Retirement, Multi Racial High Status Non Family Areas). Crispy Tubes seems to have a weakness in the Midlands as well as in Acorn Groups A and D as in the case of initial trial.

Sterling Grocery Distribution

	Invaders %	Crispy Tubes %
GB	77	43
Major Multiples	93	55
Minor Multiples	85	30
All Multiples	91	50
Co-ops	84	56
Independents	39	17
London	87	53
TVS	76	48
HTV/TSW	72	32
Central	80	39
Anglia	74	49
Granada	74	51
Yorkshire	80	40
Tyne Tees	70	39
Scotland	70	32

Source: Stats MR/Development News

Heinz Invaders has achieved excellent sterling grocery distribution - one of the highest levels we have recorded recently for a new product. 39% in Independents is also repectable, especially as so many companies seem to have almost given up in this sector.

Crispy Tubes, on the other hand, has clearly scope to do much better. It is true that savoury snacks have much wider distribution profiles than canned foods, so direct comparisons between Invaders and Crispy Tubes would not be correct, but even so surely it is possible for a major savoury snack to do better than 50% in Multiples and 56% in Co-ops?

Trade Research

Heinz Invaders

"Sales were quite good, but now they have slowed down... obviously much slower than Heinz Spaghetti... have not really increased our total Heinz spaghetti sales... Invaders only sells when advertised - take that away and sales drop right off". (Small Chain)

"Don't compare with Heinz Spaghetti... there is a small market for them because of the children... not very successful going on the figures... future depends on advertising levels". (Small Chain)

"Not bad... Heinz Spaghetti obviously more popular but our total Heinz pasta sales are slightly up, but marginally". (Small Chain)

"Sales versus Heinz Spaghetti are 1:20... haven't taken from Heinz Spaghetti but other brands have gone down... Not really successful we only sell 2 cases per store per day... I think it will die as they market new things". (Major Chain)

"Sales not bad but could be better since advertising has stopped... our total Heinz pasta sales are slightly up... I am not really sure if successful". (Medium Chain)

"Not as good as when they first came out on TV... sales versus Heinz Spaghetti around 1:4... our total Heinz pasta sales have only increased marginally... has been backed with the right marketing". (Major Chain)

"Sales not too bad but have slowed down... our total Heinz pasta sales have gone up but not by a lot... reasonably successful". (Medium Chain)

"Not too bad... total Heinz pasta has increased slightly... I would think successful... might improve further but needs more advertising". (Symbol Independent)

"I don't know how long we will continue to stock it... sales just aren't good, and the soup... forget it!" (Co-op)

"Sales not going very well... we are thinking of stopping it in our small stores... we need the space... not really successful". (Small Chain)

Crispy Tubes

"Not bad... about the same as the other snacks... quite successful because it's a bit different". (Small Chain)

"Not too bad... better than I had thought... people like the change... sort of successful - yes". (Co-op)

"People like something a bit unusual... it's made its mark now, so it will probably stay". (Symbol Independent)

"Reasonably good sales... holding its own... successful, I think". (Medium Chain)

"Fairly good... successful... steady sales... they are unique". (Major Chain)

"Quite good but not outstanding... people like a change". (Medium Chain)

"Quite good really but people might get fed up... successful because it's a new idea, but I think people will go back to more established savoury snacks, i.e. Crisps etc". (Major Chain)

"Good to middling sales... holding their own... successful if we look at sales versus other snacks... will probably be a stayer". (Small Chain)

"Not bad... better this time of the year, possibly beause people buy savoury things for Christmas... I think it's successful". (Small Chain)

"Reasonable sales... we always sell more around this time of the year... I suppose it's successful because it's different". (Small Chain)

New Product Norms

We have now recorded 228 new products so can make some comparisons.

	Average (228 Products) %	Invaders %	Crispy Tubes %
Grocery Sterling Distribution	43	77	43
Housewife Trial	16	18	20
Recent Purchase	8	11	12

The Heinz sales and distribution muscle has clearly worked well for Heinz Invaders, resulting in reasonable trial and recent purchase levels. The most recent trade enquiries, however indicate a mixed picture and there remains a question-mark as to whether it will become a major long term product. We happen to believe that it will because of the Heinz branding strength.

Smiths Crispy Tubes, on the other hand, should do well in the long term if it can obtain more distribution: current stockists seem reasonably happy with it, while trial and repeat are both above average.

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