

Wake up to nutella



**ASSIGN
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“ WAKE UP TO NUTELLA” CAMPAIGN of 2007 in UK

1. Context Analysis

This communications plan focuses on the “ Wake Up to nutella” promotion campaign of 2007 in the UK. The planning of the campaign by the Ferrero Group UK took around eight months and the promotion campaign had a total duration of approximately one year. (See Appendix 1 for further information about the company profile and its range of products).

a. The internal and external context

The most important opportunity of Ferrero was its differentiated nutella product that had low competition in the UK market. Main competitors were only Rowse Chocolate and Hazelnut Spread and Traidcraft Fairtrade Chocolate Hazelnut Spread.

Furthermore the pricing of nutella created an opportunity for the company, as nutella was cheaper than the competitive products. Traidcraft Fairtrade Chocolate Hazelnut Spread for instance was being sold for £2. 26 for 400g and nutella for only £1. 59 for 400g.

A threat for nutella represented the changing eating habits and lifestyle of consumers (social factors). Nowadays, the trend is going towards a healthier lifestyle and healthier eating. Due to the fact that nutella contains chocolate, the product was perceived as indulgence and unhealthy by many consumers.

b. The customer context

The main target market, which is a specific group Ferrero UK aims the product nutella at, are both female and male schoolchildren at the age group between 5 and 14 years and teenagers and college students, also both

female and male. This target group is also described as a group of people who are having for breakfast toast with something on it, such as jam or peanut butter. Another reason targeting young people is that they tend to prefer eating sweet for breakfast. This target group is easier to convince to switch from jam or peanut butter to nutella than people who are not eating toast for breakfast.

The target audience, which is a group of people the nutella advertising message is designed at, are parents, but mainly mothers of the target market. The target audience is described as urban and middle to upper middle class families. The mothers of the young children and teenagers are the ones the communication message is aimed at and they are the most influential person in the buying decision. In order to illustrate the importance of the mothers which form the target audience, the Decision Making Unit theory of B2C can be used:

Users

target group; schoolchildren at the age between 5 and 14 years, teenagers and college students, males and females.

Influencers

target audience; mothers who need to be convinced about nutella, who require nutritional information about nutella and who are giving nutella to their children. Influencer can also be opinion leaders such as school teachers, doctors, celebrities, the media etc.

Decision makera

target audience; the mothers who are deciding what to give to their children for breakfast and therefore they represent the most important target of nutella.

Purchaser

atarget audience such as mothers who have the financial possibility to buy the product and therefore they are the most important group that needs to be convinced.

Additionally, Ferrero UK decided to target mothers who are already giving their children toast for breakfast as these are perceived to be easier to convince to switch to nutella rather than mothers that are not already giving their children toast for breakfast.

Due to the fact that sales of nutella in UK are low, compared to other European countries, the target market can be described as new to the product nutella rather than existing customers. Furthermore, the target is neither loyal to the brand nor loyal to a competitor. The target market consists of current users of other spread products for breakfast such as jam, cheese, peanut butter etc. There is actually no comparable competition to nutella's hazelnut spread in the UK but there are substitute products on the market, as already mentioned.

c. Level of awareness, perception and attitudes towards nutella in UK

Despite the worldwide success of nutella, the product suffered from a bad image in the UK, as it can be seen from the diagram above. Most people in the UK, in comparison with the rest of Europe, perceived nutella as a threat

and indulgence, especially amongst the mothers. However, in other European countries nutella was perceived as a breakfast ritual and a favourite spread that was also gladly given to children. The bad consumer perception about nutella was the main reason for the “ Wake up to nutella” campaign.

d. Stakeholder context

The most important stakeholders of the nutella campaign were:

Internal:

Staff and management; they needed to be convinced about nutella in order to create a positive word-of-mouth effect to friends and relatives.

Furthermore, they were involved in the work of the campaign and therefore they were also responsible for the success of the campaign. The tools of communication with internal stakeholders were face to face meetings, the intranet and newsletters.

Connected:

Intermediaries; such as supermarkets that were buying nutella from Ferrero and selling them to the end-user. They needed to be convinced to include nutella into their assortment. The way of communication with intermediaries was direct (face to face), as high involvement decisions between two businesses were involved.

External:

Media; The media represented an opinion leading function, articles and reports about the campaign and the product itself were published and this has had an high influence on consumer´s perception about Ferrero/the

campaign/nutella. Key ways of communication were a press conference prior campaign launch and regular interviews from the CEO of Ferrero UK about the campaign. Regular interviews assured up-to-date information flow to the customers and increased brand awareness, due to the fact that nutella was mentioned on regular basis in several newspapers and magazines.

Customers; most important stakeholders as they are the ones who are buying the product. Ways of communication were the various communication tools that will be mentioned later in this assignment.

2. Communications objectives

Research that was undertaken prior the campaign showed that consumers' perception about nutella being a treat was based on wrong ingredient information. Many UK customers understood nutella being a chocolate spread and not a hazelnut spread.

According to that, the first and most important communication objective of the campaign was to reposition the brand as a hazelnut spread. This implied to better inform the customer about the ingredients.

In addition, other communication objectives, using the DAGMAR model as an example (see appendix 2) have been to create brand awareness and brand knowledge but also to increase purchase. To raise awareness and knowledge of nutella was important in order to attract new customers. To increase purchase was crucial in order to gain more new customers and to increase the total revenues of nutella.

Another important communication objective was to change the image of nutella in UK. The main goal was to shift nutella's image as unhealthy and a treat towards a positive and healthy hazelnut breakfast spread that is also given to children. Moreover, Ferrero UK aimed to achieve the perception of nutella being an everyday product for children, a good source of energy and a trustworthy product with high quality ingredients.

In comparison to communication objectives, marketing objectives are sales-related objectives that are above all measurable, specific, targeted and timed (SMART). (Pickton and Broderick, 2006)

Ferrero UK defined its marketing objectives as follows:

- To increase the volume sales within three years time (up to 40%)
- To drive nutella's household penetration from 7.54% to 10.6% by September 2008
- To bring nutella to 765,000 more households a year
- To increase market share by 2%

Corporate objectives of Ferrero UK were the following:

- Having its focus on customer relationship which is "based on knowledge, experience, sensitivity and intuition and a mutual and enduring loyalty" (ferrero.com)
- Care about social issues, food safety and local communities and its human resources (ferrero.com)
- To reach market leadership by following the rules of developing innovative products that are fresh and of high quality (ferrero.com)

3. Marketing communications strategy

After defining the main target segments and key stakeholders, it was crucial for Ferrero to decide in favour of Push, Pull or Profile strategy. For the “ Wake up to nutella” campaign Ferrero decided in favour of a combination between Push and Pull strategy. The aim of the push strategy was to convince intermediaries to promote and sell nutella in their supermarkets. That means that the communication flows down from Ferrero to the retailer and from the retailer to end user. The push strategy appeared to be reasonable because nutella is a low involvement and impulse buying product and there is currently low brand loyalty towards nutella. The assumption that nutella is a low involvement product comes from the fact that it is a FMCG at a low price (£1. 49).

Ferrero also used several communication tools such as advertising and promotion to convince the customer to seek out for nutella and require it from supermarkets (Pull strategy). This strategy was aimed to provide information about the product (e. g. nutella is a hazelnut spread and not chocolate spread) to a wider audience and finally pull nutella from the retailer.

For Ferrero it was important to use both strategies because with the push strategy they tried to create a demand and desire for the product (with trade promotions and coupons) and the pull strategy enabled Ferrero to build the nutella brand and inform the people about the product.

While the push strategy targeted the supermarkets and was able to boost short-term goals such as impulse purchase, the pull strategy targeted the

end user and could focus on long-term results such as building brand awareness and trust.

4. Coordinated promotional mix

The “ Wake up to nutella” campaign was aimed to reposition the negative image of nutella in the UK. Ferrero UK decided in favour of using media tools such as Advertising, Sales Promotion, Public Relations and Direct Marketing in order to create synergy.

The campaign started with a big TV advertisement with the aim to reach a large audience at relatively low costs. In addition, advertising appeared to be the best tool for raising awareness (see appendix 3).

The main communication messages from the TV advertising were:

- Contains 52 hazelnuts, a glass of skimmed milk and a dash of cocoa (a aim: to inform people about the ingredients and that nutella is a hazelnut cream and not chocolate cream)
- Good as a part of a balanced breakfast (a strongest message; to use it for breakfast)
- Not just an occasional treat (a aim: to use nutella as a everyday product)
- Good source of slow release energy
- Something I´d be happy to give my kids (a aim: to show whom nutella is aimed at)

Public relations were used to add credibility to the customer about nutella at very low costs but also to reinforce the raising awareness aim (see appendix 3).

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Public relations consisted of various radio and press adverts. On behalf of nutella nutritionist were writing articles in women magazines about nutella in order to increase the credibility. Additionally, two press adverts were published in women and family magazines across UK to target the target audience (families, especially mother) and the target market (children). Both press adverts had the same message- “surprisingly Nutella on toast can be good for breakfast”.

Sales promotion was used to target the already identified target audience and to support the credibility of the product (See appendix 3).

Sales promotion consisted of samplings in Asda, Morrisons, Tesco and Makro stores with the aim to increase trial, represent nutella as a positive brand and boost impulse sales.

Various price cuts and Buy one get one free promotions prior the Back to School period were aimed to increase short-term sales.

Direct marketing was aimed to deliver a personal message to the target audience and target market but also provide interaction between Ferrero and its customers. Ferrero created an own website, based on the campaign - This brand website had the goal to inform the target audience about the brand but also to collect individual data by subscribing to receive e-newsletters. The reason for this brand website was also to generate brand awareness (see appendix 3) but also to form brand attitude (Pelsmacker, Geuens, Van den Bergh, 2005).

Furthermore, according to Mintel 2009 food manufacturers are increasingly using the medium internet for targeting children. “ Thirty percent of 8-16 year-olds say that they try food or drinks after seeing them online” (Mintel, Children Eating Habits UK, 2009). Ferrero also recognised this opportunity and targeted its main target market with its online campaign.

To sum up, it can be said that Ferrero used an Integrated Marketing Communications approach in order to “ provide clarity, consistency and maximum communication impact” (Pelsmacker, Geuens, Van den Bergh, 2005).

Furthermore they had one consistent message that was presented by various tools. In addition, it can be said that different tools vary in their effectiveness. Advertising for instance is a good tool for creating awareness but it is not a good tool to increase sales. However, Personal selling can increase sales but it is not recommended for increasing awareness of the product. Ferrero decided in favour of a synergy of different tools in order to meet all of their objectives.

5. Human and Financial Resources

The immense “ Wake up to nutella” campaign was the biggest and most expensive campaign Ferrero UK ever experienced. The total costs of the campaign were £8m whereas the television advertising and the press advert solely accounted for £4m.

These figures appear to be enormous but when comparing the size of the company and the total annual turnover of 170m EUR, marketing expenditures of £8m appear to be appropriate.

Additionally, though the campaign was expensive, it was able to generate a payback of £1.85 for every £1 spent.

Besides the financial aspect, the human resources are crucial for every successful campaign. Ferrero UK consists of 133 employees working in several departments such as Marketing, Sales, Finance and I. T.

Especially for this campaign Marketing Manager Mr. R. Groumdes-Peace required a close collaboration between single departments to exchange ideas and to profit from different know-how. In addition, the company was providing several trainings in order to involve all employees into the campaign.

The television campaign and press advertising were created by Krow Communications, a famous London Communication Agency. The reason for choosing an outstanding agency was the lack of marketing expertise for this enormous and challenging campaign. Ferrero UK decided to hire Krow Communications for this campaign, as they were already well-established in the market and had famous clients such as Unilever, Fiat etc.

For the Public Relations campaign Ferrero hired various nutritionists that were writing articles on behalf of nutella with the aim to communicate trust and credibility to the consumer. Here again Ferrero relied on the know-how of outstanding experts.

The whole work of Ferrero UK consisted of making strategic decisions and finding other agencies that will implement the ideas for the campaign such

as to create an interesting and convincing advertising that will fulfil their objectives.

Finally, Ferrero UK employed Millward Brown, a research company that undertook the evaluation of the campaign.

The whole planning process took around eight months and the campaign had a total duration of one year.

6. Scheduling and Implementation

The duration of the “ Wake up to nutella” campaign was one year but it was implemented in three phases (August 2007, December 2007 and December 2008). Ferrero decided in favour of a DRIP approach which means to use the promotional tools to differentiate its product from others, remind customers of the product but more importantly to inform them about the ingredients of the product and finally persuade them to buy nutella.

Moreover, expenditure was spread in more than one period, in order to create presence over a longer period of time.

1st phase of repositioning campaign

The first phase of the repositioning campaign started on the 27th of August 2007, a few days before the Back to School period and it consisted of one television advertising and two press adverts. In this phase the most important tools were advertising and sales promotion (sampling) due to the objective to increase high awareness amongst schoolchildren and mothers.

2nd phase of repositioning campaign

The second phase started in January 2008/February 2008 just before the Pancake Day and consisted of the TV ad and press ads from the 1st phase.

The goal with repeating the TV ad and press ads was to remind the customer of nutella as a good occasion to buy for Pancake Day.

3rd phase of repositioning campaign

New press adverts and a new improved version of the TV advertisement were launched between September and November 2008. The reason for a new press advert was simply to refresh the whole campaign and the TV advertisement needed to be improved due to a number of complains.

The Advertising Standard Authority (ASA) in UK required to change the information from per jar to per portion and to leave the information " good as part of a balanced breakfast".

Ferrero UK changed the key information from the TV ad into " A 15g portion contains 2 hazelnuts, skimmed milk and cocoa" and didn't mention the balanced breakfast anymore.

Furthermore, the push strategy was scheduled prior the pull strategy in order to communicate and convince the supermarkets to include nutella in their assortment. Moreover, Ferrero wanted to convince the supermarkets to support the campaign with sampling promotions in their supermarkets.

Because of this reason Ferrero UK firstly concentrated on its push strategy (prior 1st repositioning phase) and then on the pull strategy (1st to 3rd phase).

7. Evaluation and Control

Ferrero UK created an immense campaign supported by different promotional tools. During but especially after the “ Wake up to nutella” campaign Ferrero UK has undertaken research to identify if the objectives they have set have been achieved and which of the promotional tools helped the most in achieving these objectives.

Millward Brown, one of the world’s leading research companies was hired by Ferrero to undertake the evaluation of the campaign. According to the findings of Millward Brown, the TV advertisement achieved an Awareness Index of 11 whereas the average index in the UK is 6.