



TITLE OF CASE STUDY: **Nabob Coffee “Postcards”**

Background:

Nabob has always been committed to providing people with a better cup of coffee, an idea well articulated in its tagline, “**better beans, better coffee.**” It is the #3 coffee brand in Canada and the #1 premium coffee brand.

Nabob has been a Canadian Icon for over 50 years and Nabob's passion for coffee began in 1896 when two determined grocers founded a wholesale food company in Vancouver, Canada. The original idea was blending premium imported beans into a product they named Tradition coffee, the Nabob brand was born. For a number of years, Nabob competed with Maxwell House head to head. Nabob was a west coast brand and was expanding to Eastern Canada while Maxwell House was strong in the East and was expanding to Western Canada. In 1994, Kraft Canada acquired the Nabob company to fill the needs of the premium coffee segment and is now the largest mainstream premium roast and ground coffee brand in Canada.

However, since the mid '90's Nabob has seen sales volume and share declines due to a lack of relevance, point of differentiation and increasing competition in the Canadian coffee market. Additionally, as the coffee category was being revitalized by a vibrant new café culture of higher quality coffee, increased variety and flavours and blends, new coffee consumers were also seeking better quality coffee with more variety, energy, and interest. Coffee consumers did not perceive Nabob to be premium. The brand had lost that differentiation. **Consumers perceived Nabob Coffee as ‘dated’ and ‘my mom’s coffee’.**

In light of the new competitive entries from another Canadian icon, Tim Hortons, and the changing consumer landscape, Nabob urgently needed to re-establish itself as a leading mainstream premium brand in Canada. Furthermore, within the total Kraft portfolio, Maxwell House was moving to 100% Arabica beans, making it even more important to further differentiate Nabob with something more ownable. “Better Beans” was quickly becoming a category cost of entry.

Our competitive assessment and brand white space analysis of Canada suggested that in the mainstream and premium coffee category, there was lots of white space for “sustainability positioning” – one that encompassed strong environmental practice. The coffee growth trends were also showing strong indications towards consumer's interest in “social responsibility and green initiatives” when it came to choosing coffee. This led the Nabob team to investigate the idea of sustainability further.

Marketing Objective, Programs and Budget

For 2008, Nabob's marketing objectives were to return to strong growth rates, as opposed to declining, improve brand image, and grow share of retail coffee. The program was considered a complete brand re-launch with new positioning, new product formulation, new packaging and new creative campaign with a total media budget of \$1.67MM.

Research Summary:

To test the strategic territory of sustainability (as the lifestyle component of coffee drinking is both refuge & ritual) the team implemented an innovative research program. Key objectives were to (1) identify unmet needs in the market, (2) Establish the target consumer (3) Identify the Nabob's most inspiring point of differentiation, and ultimately to (4) Test out the hypothesis of "Nabob Sustainability" position. In addition a strong tracking program and metrics were put in place to evaluate the efforts.

The challenge for the team was to learn as much as possible to make Nabob's re-positioning and communications a success, with very tight timelines.

Consequently, an integrated research effort was employed, combining numerous stakeholders, including The Nielsen Company of Canada, Nielsen BASES, Dine & Associates, The Hartman Group, DDB Canada (Advertising Agency), as well as Kraft Canada's own employees.

Research Methodology:

1. Sustainability Idea and Exploration:

Utilizing brand tracking tools, Kraft did a competitive brand positioning review internally. This helped fine-tune where most coffee brands were currently positioned in the minds of Canadian coffee consumers. This is where the sustainability territory was discovered – an area of **white space**. This was then further validated through a comprehensive understanding of Global & Canadian consumer & marketplace trends.

2. Sustainability Proposition Validated:

Utilizing a brand re-staging tool "Nielsen BASES Re-stager" (a quantitative tool for evaluating brand re-positioning efforts), the team tested the Nabob Sustainability positioning vs it's current positioning as "Better Beans Better Coffee". One key element of the revised positioning was communication about sourcing beans from Rainforest Alliance certified farms. This research phase included both current and non users of Nabob. Findings indicated that the positioning of "supporting sustainable development and environmental protection" was **a true innovation** with strong uniqueness ratings and value perceptions. The study predicted a sales volume 7% lift vs the current positioning. Nabob has solidified this as a proposition they wanted to pursue.

3. Sustainability Fine Tuned:

With the sustainability positioning validated, the team wanted to further explore different sustainable concepts and elements. They wanted to understand what was the best way talk to consumers (what to say, how to say it) about sustainable business practices. For example, the team had uncovered the importance of sustainable farming practices, but also knew there was an opportunity to further "walk the talk" by designing packaging that would also be sustainable through "low carbon footprint packaging". Since there were many areas

to explore and it was critical to be able to see & hear consumers' emotion around the different areas, qualitative exploration was considered ideal. The focus was on gaining consumer insights, category motivation, brand difference and key drivers of behaviour. Using the original positioning concept that was developed the team conducted 8 focus groups lead by Dine & Associates consisting of loyal Nabob users, switchers and non users. The findings demonstrated a strong emotional and functional benefit of the new positioning, helped with language, and also uncovered the need to provide consumers with detailed information to really have a compelling message that was believable and understandable. This served to provide great insight into all facets of the launch, including the right communication tools to use to communicate all the right elements of the message.

4. Fine-tuning the Language for the Core Consumer:

In order to fine tune the language for the Core Consumer Target, the team engaged The Hartman Group for one final stage of understanding. The Hartman Group leveraged their model on the "World of Sustainability" to bring to life more clearly the "Core", "Mid-level", "Periphery Consumers". The Hartman Group also offered an innovative approach to qualitative research, which leveraged triangulation, including one-on-one, in-home interviews, spouse/partners interviews and social network parties, where hosts invite two of their close friends to join the discussion. By bringing people together who already have established relationships, a more honest discussion emerged, allowing for a deeper, richer understanding of the Nabob target consumer. This added richness to the insight as the elements of the communication were being developed.

Key Insights

In summary, it was the integrated approach of combining quantitative research with innovative qualitative and ethnographic methodologies which led to the success of articulating a clear, specific sustainability message for Nabob. It also provided the necessary insight into to "how" best to communicate, and what vehicles would be best for these messages.

Here were some clear shifts in thinking that resulted in developing strong advertising:

- **Changing the Core Consumer** : Conclusions from research resulted in a significant shift in the hypothesized "core consumer" from Core Sustainability Consumers (hard core "green" consumers) to Mid-Level & Outer Mid-Level on the sustainability spectrum. Changing the target, also meant a need to refine language.
- **Language Style Confirmed:** This meant that our original language in communicating the sustainability concept needed to evolve to simpler language and ideals. We needed to be as straightforward and clear as possible, realistic, grounded and to indicate the positive aspects of a sustainability product *without the sense of any sacrifice* to the consumer. These consumers were defined as just beginning to think about or incorporate sustainable practices in their lives.
- **Education** : Furthermore, we learned that these consumers do not have a clear understanding of what "sustainability" is, and so any marketing messaging would need to provide as much information as possible within an ad construct. Research suggested that lack of information would actually result in a stronger skepticism & disbelief among the core consumer.
- **Specific Language/Wording:** We also learned that we need to tailor our language when speaking sustainability to our consumer target as our initial language was too far out.

From (before Research)	To (After Research)
Sustainability	Green
Radical	Responsible
Activist	Community
Sacrifice	Local
Live simply	Supportive
Do the right thing	Normal
Conscious investing	Small Steps
Progressive	Average
Safe	Trying
Connection	Protecting
Conservation	

The core insight emerging from the research program was that our **consumers felt good that they could make a difference with a small purchase such as coffee, but also didn't want to make any sacrifice in their lives to do so.** The team knew that keeping the price the same and the availability of the coffee the same would be critical to avoid a feeling of "sacrifice" for this core consumer. The goal was for consumers to see additional value in the simplicity that this coffee was helping them do something good for the world without compromising personally.

4. Copy Testing:

The team wanted to quantify the impact of the communication prior to making the investment. They knew that a few things were important: (1) simple & clear concept (2) maintaining a sense of responsibility and (3) Be transparent.

The advertising campaign "Postcards" was created and used a striking image of a woman and child with characteristics that immediately connoted a coffee region, so the consumer was immediately involved, and immediately knew it was "coffee". The headline of "Rich 100% Arabica coffee that can actually enrich the lives of others" created enough curiosity to drive to the body copy and additional 1/3 page for the entire Nabob Sustainability story. The ad showed tremendous strength in purchase intent scoring significantly (more than 2X) above norm. It was an ad that stirred peoples' emotions with a "warm" reaction to the message with all brand key metrics scoring stronger than those not exposed to the advertising.

Campaign Description

The Nabob "Postcard" campaign was developed to reposition the brand and challenge it's dated image in the market. The repositioning was also important given the brand was sourcing beans from Rainforest Alliance farms. This, on it's own, was going to resonate well given cultural market interest toward brands displaying corporate social responsibility and commitment to the environment. The creative was designed to speak to a very specific target segment, who were people willing to purchase sustainable brands as long as it involved either small sacrifices to no sacrifices in lifestyle. This target segment also needed the sustainability concept to be expressed very clearly, with detailed messaging that provided some proof of claims, as this segment was somewhat skeptical of marketing claims.

Therefore, subsequent creative utilized a compelling image of a woman carrying a child on her back in a coffee growing region, to incite curiosity and immediately communicate the idea of the campaign. Messaging emphasized a dual benefit to the consumer as well as

recipients living in a sustainable environment, while providing topline information about sustainability and Nabob's role. Launch creative consisted of a full colour full page ad with a 1/3 page from August to December '08, as well a single full colour full page printed on heavy recycled paper was run in select magazines in August and September, thus helping to support the sustainable positioning. A website, with rotating banners and skyscrapers of different copy emphasizing dual benefits to consumer and recipients was also launched in August. In Store activity (Wal-Mart and Safeway) with shelf talkers leveraging the Postcard campaign and sampling was done across major grocery stores.

Additional Insight through Geo-Targeting: The team also conducted Geo-demographic coding of our Nabob Target consumers to identify where these consumers over-indexed on neighborhoods. Utilizing this targeting tool, the team did a substantial coupon drop of \$1 off coupon (door hangers in those neighborhoods) with insightful & consistent messaging garnered from the research.

Impact beyond Retail Grocery

Kraft Canada Foodservice (out of home consumption) utilized the consumer learning and aligned their re-launch of Nabob with the same messaging. This partnership allowed the sustainable positioning to go beyond supermarkets and get into restaurants and cafes. This was another testament to the impactfulness of the research learning and the impact it could have on consumers' in-store, at home, and out of home.

Business Results

1. Market Assessment

The campaign launched in August 2008. The impact of this re-positioning was seen very quickly. Tracking results showed a 5% increase in purchase intent and a 7% increase in product satisfaction. Tracking showed significant gains in Nabob's new link to "supporting sustainability" through the beans & packaging.

2. Sales Performance

Furthermore, dollar sales from August to October 2008 were up 5.6% from prior year, and within the month of August (the month of the launch) Nabob sales increased 17.4% compared to the prior year. Nabob lbs share grew 3% vs. 2007 attributed to the re-launch of the brand.

Nabob will continue to reinforce and invest in it's new positioning under the sustainability umbrella in 2009.