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Donegal Catch Nets Spectacular Profit
Irish International BBDO

COMPANY PROFILE

Irish International BBDO forms the advertising arm of the Irish International Group. It holds an array of clients from a diversity of sectors with one unifying philosophy The Creative Work Comes First. Quite simply, it is the Work that gets talked about in shops, bus-stops, pubs and clubs, it is the Work that remains after the briefings, workshops, presentations and discussions have long passed and it is the Work upon which all agencies are judged. Irish International BBDO is proud to have this philosophy central to everything it does and proud of what it has yielded for its clients

INTRODUCTION & BACKGROUND

What is most striking about this case is the extent to which it demonstrates the power of a great creative advertising idea to triumph over product rejection, consecutive price increases and a level of media investment that is a fraction of its nearest competitor.

The original brief to Irish International in 2003 was to create a compelling

advertising campaign around three individual products, one existing – Chunky Cod – and two new introductions – Salmon with Pesto Crust and Cod with Mediterranean Vegetables.

The agency responded with an advertising idea to cover all three, an idea which proved so enduring that it survived the withdrawal, three months later, of the two new products (for manufacturing reasons) and the removal from the campaign of their associated TV executions.

In the period pre and post the first airing of “Filing Cabinet” in 2003, ex factory sales of Chunky Cod, the hero of this one surviving campaign execution, increased by 11%.

Interestingly, sales of Donegal Catch Breaded Fillets, which constituted 38% of volume sales but featured nowhere in any of this, or previously aired advertising, rose by 10% during the campaign period.

We had created a big Donegal Catch brand campaign idea which, through one execution alone, would benefit all products within the range between 2004 and 2007. Two new TV executions launched in January 2008 have further amplified the campaign’s success.

Irish-made advertising campaigns that speak so directly to our very particular narrative tradition, local dialects and sense of humour are rare. What’s even more rare is for them to be so commercially successful.

Between 2003 and 2008, Donegal Catch’s absolute profit rose by 600%, resulting in a corresponding six-fold rise in the Fish Business Unit company valuation, an increase that is over 15 times greater than Donegal Catch’s total advertising spend over the period.

MARKETING OBJECTIVES

As brand leader, the marketing objective for Donegal Catch in 2003 was, and in 2008 still is, to grow value sales.

It has to justify its 20-25% premium versus own label and cut through the clutter of Birds Eye’s higher media spend.

Between 2005 and 2008, the cost of sourcing fish like cod, haddock, whiting and salmon increased by 6%, 15%, 18% and 10% respectively. (*Source: Northern Foods Procurement.*) This meant that Donegal Catch has had to pass

on a 6% price increase to consumers every year since 2006 without losing any volume sales.

Easier said than done for a variety of reasons:

While it's true that people want to eat more fish, it's fresh fish they are prepared to pay a premium for, not frozen, which accounts for a much smaller value share of total fish, down from 45.1% in 2006 to 39.4% in 2008. (*Source: TNS Worldpanel Ireland.*)

With the downturn in the economy, retailers are demanding heavier brand promotions in return for shelf space. Young's have been selling at a 50% discount in Tesco in ROI since January this year.

Between 2006 and 2008 retailers have grown their own label volume share of frozen fish from 32.3% to 34.6% and discounters have increased their penetration within frozen fish from 25.4% to 34%.

(*Source: TNS Worldpanel Ireland.*)

COMMUNICATIONS OBJECTIVES (2003 – 2008)

1. Increase Brand Salience

Given the low involvement of the frozen fish category and breadth of the Donegal Catch range, when people think frozen fish, they need to think Donegal Catch, whatever species or format they are looking for.

2. Reinforce Brand Credentials

Donegal Catch only uses natural fillets of fish, not fish that had been formed into fillets. The skin and bones are removed without compromising the integrity of the fish so it offers consumers both convenience and authenticity. The brand's Irish provenance signals premium quality and freshness.

3. Promote Products And Brand

New news is key to driving brand re-appraisal of Donegal Catch as being relevant and contemporary. With 25 Donegal Catch SKUs in any given multiple and limited funds, only a tiny subset of 'hero' products can get advertising support. Specific awareness of these is expected to build over time. What matters more in the short to medium term is that the advertising creates a 'rising tide' effect across the whole brand portfolio.

THE TASK

Grow Value Sales

The net effect of increasing the price of Donegal Catch will only be positive if volume sales don't decline at a time when retailers are aggressively recruiting branded frozen fish buyers by offering them significant price savings.

Price promotions fly in the face of growing value sales so we need to reduce the proportion of Donegal Catch volume sold on discount, whilst at the same time recognising that a minimum level of promotional activity will always be required to keep retailers sweet.

Increase Brand Salience

Frozen fish is shopped on auto-pilot so if Donegal Catch is not a 'destination purchase' or top of mind at point of purchase, it's unlikely to be chosen on impulse. This is where retailers can and do use the allocation of freezer cabinet space to their advantage.

Advertising saliency can be bought with deep enough pockets and Birds Eye has consistently outspent Donegal Catch by a multiple of 6 between 2003 and 2008 as follows:

	2003	2004	2005	2006 (Jan - Jun)	2007	2008	Total
	€	€	€	€	€	€	€
Donegal Catch	136,089	268,664	220,370	248,184	183,625	154,433	1,211,365
Birds Eye	1,419,635	700,705	1,445,588	1,634,364	819,177	807,487	6,826,956

Source: IAPI AdSpend

Reinforce Brand Credentials

Despite product innovation, Donegal Catch is still primarily associated with breaded fish, which does little to reinforce the premium or natural aspect of its brand offering.

Meanwhile retailers and other brands are attempting to 'steal Donegal Catch's clothes' by reinforcing their own 'fresh', 'natural', 'quality' and 'Irish' credentials.

The presence of a fresh fish counter in many multiples has prompted some customers to buy own label pre-packaged fish to freeze themselves, under the mistaken belief that it is fresher than Donegal Catch.

Naturalness has been the mainstay of Birds Eye's masterbrand advertising strategy. A recent TV spot for 'wild salmon', just one of a range of new products designed to boost its quality perceptions, focuses on its naturalness and, while Birds Eye can't claim to be Irish, like Tesco, it localises its advertising wherever possible.

Also worth noting is that in the UK, Young's has a similar brand positioning to that of Donegal Catch in Ireland. It has tried to leverage this fact by airing a TV commercial that sells itself on its local Grimsby provenance and authenticity.

Promote Products And Brand

The difficulty of using a single product commercial to do an overall branding job from 2004 to 2007 cannot be underestimated.

THE STRATEGY

We set out to find a platform that was true to the Donegal Catch provenance but also capable of showcasing existing or new products in a compelling, relevant and accessible way to Irish people.

We knew from qualitative research conducted in 2002 that Donegal Catch's provenance was strong when prompted, but not top of mind, and largely inferred from its signature blue foil packaging with its prominent trawler image.

From our informal discussions with Irish people we knew they wanted to eat more fish but felt too intimidated to go to the fishmongers or cook it themselves. They disliked handling raw fish and were afraid of skin and bones. We also discovered that housekeepers tended to cook the same meals every day of the week to make catering and shopping less of a chore.

We defined our target audience as 'convenience cooks' who are sold on fish in theory but lack the know-how to work it into their weekly repertoire of meals. To them Donegal Catch is a back up meal that stays at the back of the freezer. They equate the brand with breaded fish, not its healthier, more sophisticated offerings.

Our strategy was to help them 'make friends' with Donegal Catch as the first step on their ladder of fish appreciation.

The product had to be pivotal to the advertising narrative but in a way that would drive overall brand affinity and sales.

Our communications idea was “Real fish from real fishermen”.

Who better than three fishermen from Donegal to vouch for the brand’s fresh, natural and intrinsically Irish brand credentials?

We created three characters – Donal, Connor and ‘wee’ Eoin to win over hearts and minds by ‘walking the product talk’.

The creative work was qualitatively tested in 2003. Both the idea and its execution resonated with Irish consumers. It was felt to capture the essence of the brand and they loved the way the three characters interacted with each other like family members. Their banter was focused on product specifics but still managed to be entertaining and memorable.

COMMUNICATIONS ACTIVITY

Media Strategy

The media brief was to focus on housekeepers with children as the key decision makers when it came to brands which made it onto the weekly shopping list.

In 2003, the budget didn’t allow for a multi-media campaign. TV was deemed necessary to create a multi-dimensional picture of the fishermen’s characters whose on-screen performance would be key to the advertising’s success.

We outlined their character portraits as follows:

Donal is the captain, a big man in every sense of the word, part father to his crew and part enforcer. His word is law. He’s willing to hear others’ point of view and equally willing to dismiss it. He’s been on boats since he was a boy. Fishing is his life.

Connor is Donal’s right-hand man and can’t understand why he’s not in charge. One day he’ll take over. It’s only a matter of time. He resents, respects and fears Donal in equal measure. He is opinionated and dismissive of the fancy folks who live on land and knows everything there is to know about fishing.

‘Wee’ Eoin is younger than the other two and about as bright as the bottom of a very deep hole. Naïve but lovable, women can’t help but want to mother



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him. However, he's also shockingly handsome so this maternal instinct quickly degenerates into a desire to devour him whole!

The thinking in 2003 was that as people became more familiar with these characters in different media, they might eventually, over time, evolve into bona fide spokesmen on Irish life.

So we chose a suitably philosophical sounding endline – “Another World Altogether” – to refer not just to the fish they endorsed and the life they led but also the values they represented.

However, with only one TV spot surviving from the original three and limited support in the intervening years, it became clear that we should only think of them as ‘product’ oriented brand ambassadors.

Thus our 2008 endline – “It’s all about the fish” – to emphasise the dedication, expertise and fruits of their fishing vocation.

Advertising Activity

The brand idea first manifested itself in three TV executions between 15th October and 3rd November 2003 at a weight of 1050 TVRs and a cost of €149,725 – “Filing Cabinet” (Chunky Cod), “Finn McCool” (Salmon with a Pesto Crust) and “Girlfriend” (Cod with Mediterranean Vegetables).

Due to the withdrawal of ‘Salmon with Pesto Crust’ and ‘Cod with Mediterranean Vegetables’ the corresponding TV spots also had to be shelved, which meant that we only had “Filing Cabinet” to air between 18th February and 8th March 2004 at a weight of 1050 TVRs and a cost of €354,097.

In 2005, we went back on air between 2nd and 29th May, 12th and 25th September and 10th and 23rd of October with “Filing Cabinet” at a combined weight of 1545 TVRs. This was supplemented by a radio campaign also featuring the fishermen extolling the virtues of Donegal Catch Battered Cod and Fish in Sauce. The total media spend for the year was €360,098.

In 2006, we aired “Filing Cabinet” between 16th January and 5th February at a weight of 430 TVRs and a cost of €130,372.

In 2007, with a media budget of €81,308, we decided to air “Filing Cabinet” between 7th May and 4th June at a weight of 340 TVRs and to invest the remainder of the budget in a summer print and outdoor campaign for the BBQ range of Donegal Catch products.

Image Statements	Donegal Catch	Birds Eye
Originates from Ireland	80	13
Has a wide choice of products	78	45
Cares about good food	71	49
I would recommend to friends	69	43
Captures fish's natural goodness	68	41
Goes to extra lengths to make quality products	65	42
Best tasting	64	31
Innovative	63	35
Frozen fish expert	60	49
Makes frozen fish that taste as good as fresh fish	58	31
Takes health into consideration	55	41

In 2008, we launched two new TVCs featuring the fishermen to promote 'prawns' and 'salmon'. The first burst ran between 28th January and 17th February at a weight of 310 TVRs and the second one between 7th April and 27th April at a weight of 250 TVRs. Total media spend to end of June 2008 was €161,144.

From July 14th a more integrated "fishermen" campaign is planned for the rest of 2008 which will include radio and outdoor for Seabass and Hake as well as further airing of the new TVCs.

THE RESULTS

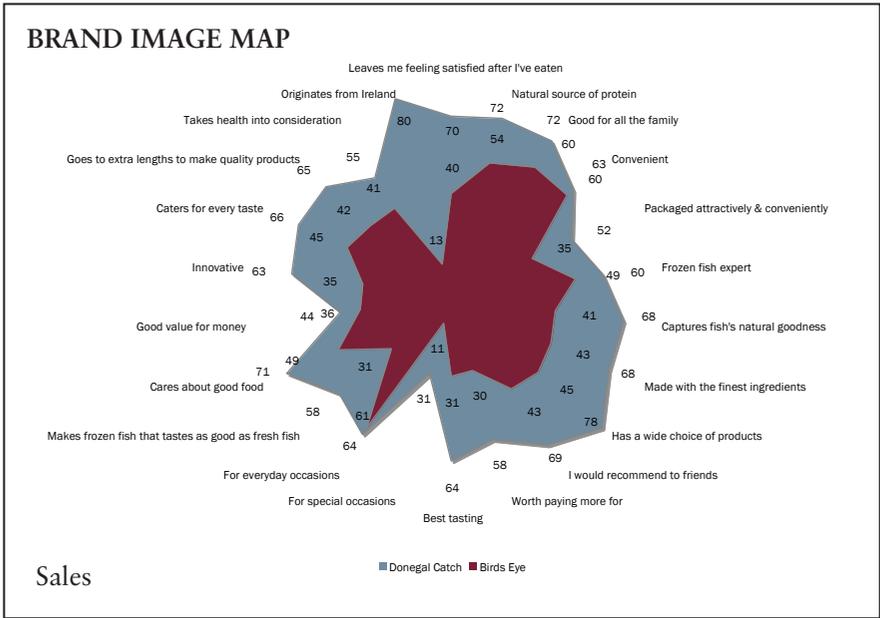
Donegal Catch's performance is measured against all Irish people aged 25 to 60. The figures quoted below are from an Ipsos ASI online survey amongst a nationally representative sample of this group from April to May 2008.

Recall

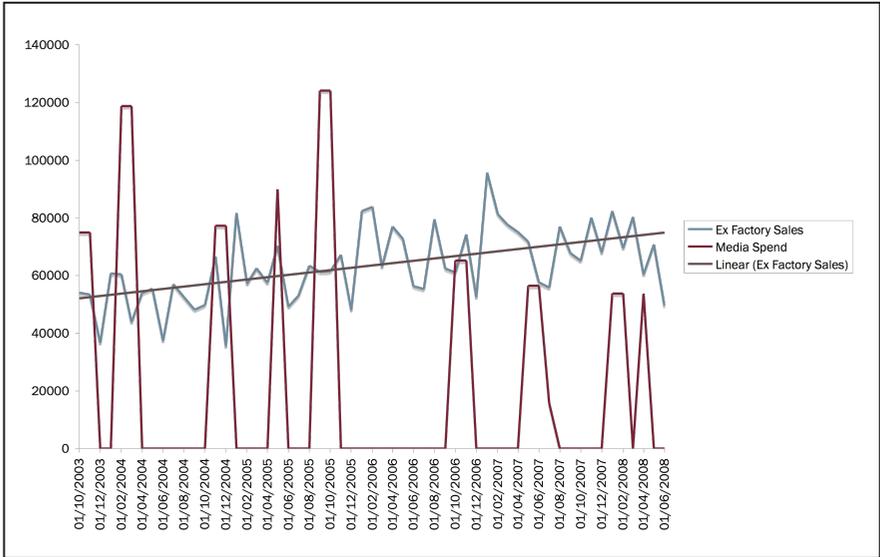
74% claimed to have seen Donegal Catch advertising versus 70% for Birds Eye, whose spend was five times higher. At 410 TVRs, ad recognition for Donegal Catch was 77% versus norm of 45% for comparable campaigns at the 500 TVR level. Ad recognisers were more likely to be spontaneously aware of the brand than non-recognisers (78% versus 64%).

Take-out

Of the 74% who claimed to remember the advertising, 61% recalled executional elements and 22% specific messages around fresh from sea/natural product/good quality/local/Irish.



Donegal Catch’s relative image strengths mirror its communications objectives as shown in the following Image Statement Table and Complete Brand Image Map vs. Birds Eye. 73% claimed to have purchased Donegal Catch in the last three months compared to 58% for Birds Eye. This figure is higher (79%) for



recognisers of Donegal Catch ad than for non-recognisers (56%).

68% claimed they were likely to purchase Donegal Catch within the next three months compared to 57% for Birds Eye. Again this figure is higher (74%) for ad recognisers than for non-recognisers (50%).

Since 2003, ex factory sales of Donegal Catch have trended consistently upwards and the peaks have coincided closely with the timing of media spend.

Comparing 52 w/e June 2007 with 2008, Donegal Catch has successfully grown value sales by 14%, bettering total market growth by 5 percentage points during a period when the value sales of its closest rival, Birds Eye, actually declined by 12%. (*Source: TNS Worldpanel Ireland.*)

Value (000)	52 W/E 17th Jun 07	52 W/E 15th Jun 08	% Change
Total Frozen Fish	80616	87996.5	9
Total Birds Eye	16374.2	14470.4	-12
Total Donegal	35671.6	40843.8	14
Total Young's	2100.7	2002.9	-5
Total Private Label	21575.1	25838	20
Discounters	8447.7	12007.8	-42

Price per kg	52 w/e 17th Jun 07	52 w/e 15th Jun 08	% Change
Total Frozen Fish	8.91	.48	6
Total Birds Eye	9.04	9.12	1
Total Donegal	10.08	11.15	11
Total Young's	9.41	8.62	-8
Total Private Label	7.55	8.05	7
Discounters	8.02	8.55	7

Average Spend per Buyer	52 w/e 17th Jun 07	52 w/e 15th Jun 08	% Change
Total Frozen Fish	65.3	67.5	3
Total Birds Eye	23.4	20.9	-11
Total Donegal	40	43.8	9
Total Young's	14.2	10.3	-27
Total Private Label	27.2	29.3	8
Discounters	19.5	23.4	20

Average Frequency per Buyer	52 w/e 17th Jun 07	52 w/e 15th Jun 08	% Change
Total Frozen Fish	13.3	12.4	-7
Total Birds Eye	6.1	5.4	-11
Total Donegal	7.6	7.3	-4
Total Young's	3	2.2	-5
Total Private Label	6.2	5.9	-27
Discounters	4.3	4.6	7

% Penetration	52 w/e 17th Jun 07	52 w/e 15th Jun 08	% Change
Total Frozen Fish	84.5	86.8	3
Total Birds Eye	48	46	-4
Total Donegal	61	62.1	2
Total Young's	10.1	12.9	28
Total Private Label	54.2	58.6	8
Discounters	29.6	34.2	15

Volume per Buyer	52 w/e 17th Jun 07	52 w/e 15th Jun 08	% Change
Total Frozen Fish	7.3	7.1	-3
Total Birds Eye	2.6	2.3	-11
Total Donegal	4	3.9	-2
Total Young's	1.5	1.2	-2
Total Private Label	3.6	3.6	0
Discounters	2.4	2.7	12

It managed to achieve this in spite of a price rise of 11% versus a market average of 6% and Birds Eye's smaller 1% increase. Donegal Catch is the only branded competitor to have increased its average spend per buyer, bettering market average by a multiple of 3.

The following data is based on 52 weeks ending 17th June 2007 versus 52 weeks ending 15th June 2008 and is taken from a quarterly tracking survey undertaken by TNS Worldpanel Ireland.

RETURN ON INVESTMENT

Against a base of 100 in 2003/4, Donegal Catch's operating profit in the financial year to March 2007/8 indexed at 350, a three and a half fold increase.

Brand turnover rose by an average of 8% CAGR every year from 2003/04 to 2007/08.

So, absolute profit rose by 600% over this five-year period, resulting in a corresponding six-fold rise in the Fish Business Unit company valuation.

Thus, the value of the Donegal Catch Fish Business Unit to Northern Foods rose by an amount 15 times greater than the total advertising spend over the period.

A UK launch, based on the "Real Fish from Real Fishermen" platform and estimated to be worth €14m in the first full year at RSP has been negotiated on the back of the Irish business success with confirmed listings in Sainsbury's and Somerfield from October 2008.

Since 2006, we have been applying a "Real Fishermen" inspired mantra of "Simple, Stimulating Seafood" to vet all NPD projects. The success rate of Donegal Catch new product launches has increased from 25% in 2003 to 61% in 2007 and 80% to date in 2008.

We've already demonstrated a positive relationship between the timing of ex-factory sales uplift and media spend but how do we know it was advertising that made the difference?

All other potential contributory factors can be readily discounted.

During the economic 'boom' of 2002 to 2007, there was an expectation that consumers would, if anything, trade up to fresh fish, not down to frozen.

There has been no distribution gains, no sponsorship, no packaging innovation, no PR or DM. Nor has there been any brand building activity in-store. The volume of Donegal Catch sold on promotion is actually down from 36% in 2003 to 26% in 2008, representing a saving of €945k at RSP this year.

Competition has increased rather than decreased on all fronts since 2003. Donegal Catch has been out-spent 6:1 in media terms by Birds Eye.

CAPSULE

Donegal Catch advertising works in a very special way connecting people emotively to the brand and justifying a price premium of 20-25% vs. Own Label in the process.

Most importantly, however, it has directly increased the value of the Donegal Catch business to Northern Foods by a factor of six and created a substantiable intangible asset for the company, at a fraction of the media spend of its biggest competitor.

Now, that's a fact that worth keeping on file, in any filing cabinet!