

Denny, Fighting Commoditisation With Differentiation

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Introduction & Background

Some tasks are definitely harder than others. At the beginning of this year, Denny was facing a situation where its volume was down but value down even more. Private label and discounters were flourishing, showing consecutive monthly gains in share. In store, Denny shelf space was being squeezed and consumers were increasingly interrogating brand loyalties and price. All resulting in an increasingly commoditised pre-cooked sliced meats market.

Denny is a massive Irish household brand accounting for 1.1% of all grocery expenditure in the Republic of Ireland and featured in 6.8% of all grocery shopping occasions (2011). Its products were bought by 88% of households, that's more than crisps, shampoo or instant coffee.

Between 2008 and 2011 the sliced meats market had dropped back by 5% in value from €290m to €276m, including Denny. Given Kerry Foods' high market share in 'Everyday' and 'Value' ham categories, they needed to address the market shifts and to firmly regain their foothold. Especially for their hero product, Denny Deli Style Ham.

For Denny, their business issue was that there was a new breed of consumers who bought less, not as often and at a cheaper price. The quality of Denny products was not disputed, but neither was it perceived as being in a league of its own and therefore a non-negotiable for the shopping basket. Consumers were now shopping amongst a repertoire of acceptable brands, feeling they were not compromising.

Despite having a fondness and emotional affinity for the parent Denny brand, consumers needed rational reasons to choose Denny at a higher price ahead of others in their 'acceptables repertoire' on promotion. Denny needed to be made into a "must stock, non-negotiable" brand that consumers were willing to buy at full RSP once again.

Denny needed to find meaningful differentiation from its competitors.

This case study shows how Denny reversed its fortunes, increased frequency, brought new customers into the category and clearly differentiated themselves from their competitors, in just two months.

To achieve such dramatic results Denny needed to do something dramatic. Most consumers believe that all pre-packed ham is the same. But Denny uniquely prepare ham using only natural ingredients. So, consumers perceptions of the familiar household staple 'pre-cooked sliced meats' needed to be challenged in order to give Denny a differentiated product benefit.

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Marketing Objectives

The most immediate objective of the campaign was to stop the flow of lapsed users and to give the brand a sales boost.

Specifically our short-term objectives were to:

- ▶ Stabilise the fall in Deli Style volume with an annualised 2012 growth target of 2%.
- ▶ Value was also targeted to increase at modest levels.
- ▶ There was an emphasis on growth primarily amongst lapsed or infrequent consumers of Denny. This meant we needed to pull new consumers into Denny. This KPI was set as a 5% penetration growth.

In the long-term, we wanted to begin to position Denny as a brand that their core target audience of “Mums” wouldn’t compromise on. We needed to increase brand loyalty and equity. Affinity for the brand had to stretch beyond emotional attachment, so we needed to equip consumers with rational reasons to choose our brand over alternative brands on promotion. The ‘100% natural ingredients ham’ product innovation would be the first step in achieving this ‘meaningful differentiation’.

Communications Objectives

We needed to develop a challenging, single-minded, product focussed advertising campaign that would give consumers a clear and motivating reason to purchase Denny Deli Style ham ahead of the competition.

Specific key performance indicators for the campaign included:

- ▶ We wanted existing, lapsed and infrequent repertoire buyers to trial Denny Deli Style Ham.
- ▶ Land the message ‘Denny Deli Style Ham is the ONLY ham you can buy made from 100% natural ingredients’
- ▶ A key outtake was the uniqueness of this Denny proposition.
- ▶ Grow consideration from 42% to 43.8% by end of 2012.

Company Profile

DDFH+B

The DDFH+B Group consists of DDFH&B Advertising, Goosebump, Bespoke-with-Direction, RMG and Mindshare Media – making up the largest Irish companies in creative advertising, media buying and customer relationship/digital marketing. Together, they provide channel-neutral, integrated marketing communications campaigns that deliver real, measurable results. They achieve this level of integration by working in a number of small, multi-disciplined teams, calling it ‘fun sizing’. They continue to be one of the most successful agencies in Ireland, working with clients such as Kerry Foods, The National Lottery, Bord Gáis and Fáilte Ireland as well as new clients including Littlewoods, Lucozade and Eircom.

VIZEUM

Since its establishment in 2004, Vizeum has rapidly risen to become the 4th biggest media agency in the Irish market, working with clients including; Kerry Foods, eircom Group, Irish Distillers, 20th Century Fox, RTÉ, IKEA and Johnson & Johnson. It offers the best combination of a small, dynamic culture (c.32 people) alongside global Aegis network resources and capabilities. With a mantra of “Start from a Different Place”, Vizeum’s strength lies in marrying new behaviours brought about by digital technology with human motivations and decision-making journeys, to drive better brand growth for their clients.

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The Task

A number of key challenges faced the agencies:

- ▶ There was an added complication. This campaign would also be the first outing of an entirely new logo and pack. Not only would consumers be unfamiliar with the branding and pack design, but the rest of the Denny portfolio of products would retain the old packaging until late April/May 2012 when sausage packs were changing. Any kind of pack or logo change is not ideal as it disrupts the consumer and in-store experience. Having two logos and pack designs in store would cause even further disruption. Therefore our challenge was to overcome this problem, ensure brand recognition and ease of migration to the new Denny Deli Style for existing customers.
- ▶ In developing our campaign, we had to be mindful of and leverage the emotional affinity the brand had already generated. Denny had strong heritage in the emotional HOME space. Over the last five years, the Denny communications had worked hard to build an emotional platform for Denny called “The Taste of Home” and this had traction with consumers. We needed to deliver the new news within this existing campaign. This in itself would be a challenge for the creative idea as it is generally difficult to communicate new news within an already familiar context.
- ▶ Private label and discounters had a growing hold on the sliced meats category. Between 2009 and 2012 their volume had risen by 50% from 87kgs to 130kg (000S) which showed the scale to which consumers were embracing non branded products.
- ▶ The sliced meats sector was an extremely competitive category with a myriad of small brands and own label products available at store. The overwhelming number of brands was bad enough but also the category was heavily discounted. Retailers were pushing for deep cut offers to drive consumer value. This meant value was dropping quicker than volume as ‘Mum’ was now preconditioned to look for promotions.

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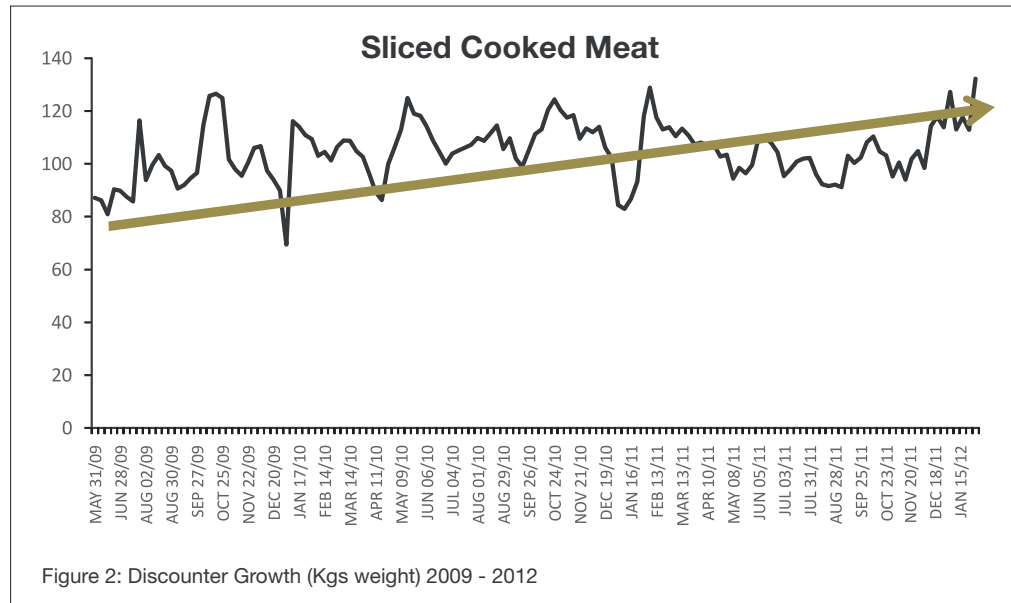


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The Task



- With consumers only spending, on average, 11 secs at the entire chilled aisle, the challenge would be to firmly establish brand preference before consumers got instore giving Denny the edge to ward off cheaper products.

The Strategy

We held qualitative research groups amongst the Denny Mums target, particularly loyalists and lapsed users, to understand the perception of “natural” food claims and the proposed proposition ‘100% natural ingredients ham’. Four key learnings were uncovered that formed the strategy behind our creative idea.

Mums had become quite sceptical of foods or brands purporting to be natural and recognised the shorthand used to convey natural cues, such as ‘no added sugar’, ‘organic’ and ticks on packs. In research groups, they immediately understood the meaning of ‘made with 100% natural ingredients’. It was unambiguous. In the market

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The Strategy

place however we expected some **scepticism** over the claim, so the reasons to believe would have to be clearly available for consumers to verify.

Pre-packed sliced ham was a household staple that wasn't interrogated beyond visually examining the pack at the point of purchase to find the best one (not too wet, too dry or plastic looking). Some consumers claimed to check the ingredients deck, but it was usually because they had a specific health concern (i.e. gluten). In general, reassurance came with the name of the brand and a finished pack at home, and the purchase decision was often driven by price. Our advertising needed to challenge this **consumer behaviour** to get consumers to re-examine their brand choices.

Consumers didn't assume pre-packed sliced ham was natural. Neither did they consider it terribly unnatural. They knew it must have preservatives to have a long shelf life. But again, this was not something they really thought about. When prompted, consumers felt the naturalness of all hams were more or less the same. In terms of their 'acceptables repertoire' they also felt the quality of those hams were also more or less the same. Our advertising would have to challenge **consumer perception** of the category.

The real surprise to consumers came when they discovered Denny was "the **ONLY** pre-packed sliced ham made with 100% natural ingredients". 'Mums' associated 100% natural ingredients with better quality and better for the family. The consumer benefit of the proposition was clear and compelling, but it was its **uniqueness** that made it motivating to purchase above the competition. Our advertising needed to emphasise 'the **ONLY**' as well as '100% natural ingredients' to establish Denny's superiority and its 'meaningful differentiation'.

Our insight was that consumers expect all hams to be the same and thus the proposition emphasised the uniqueness of our ham, 'Denny Deli Style ham is the **ONLY** ham you can buy that is made with 100% natural ingredients'.

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The Idea & Communication Activity

Creative Idea

The creative idea centered on “take a closer look, there is only one ham you can buy made with 100% natural ingredients”. This was executed through the line but led by the TVC ‘Natural Lesson’.

All creative was based on the insight “you’d expect all hams to be the same” and it directly challenged consumer perceptions of the category. It had to be challenging to get consumers to question the category.

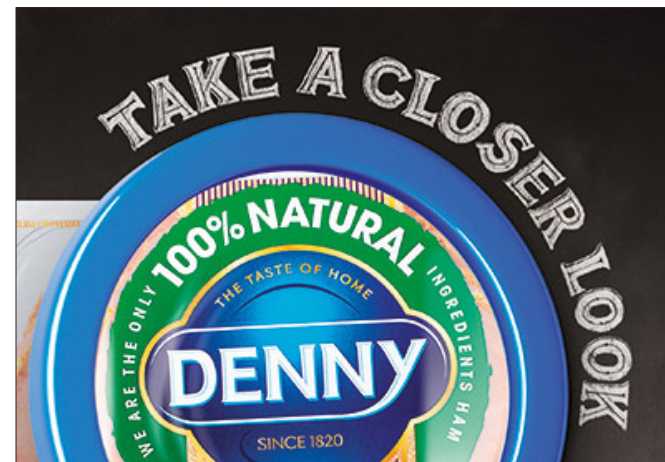
“Take a closer look” reflected the need to challenge consumer behaviour, to get them to re-examine their brand choices more closely. The 30 second TVC ‘Natural Lesson’ even brought this to life as the little girl put back the packs that were not made with natural ingredients. But the challenge also invited consumers to take a closer look at Denny Deli Style, to see for themselves that it really was different from the competition and that it stood up to scrutiny and skepticism. A magnifying glass was used as the campaign device to signify taking a closer look across all visual media.

An important discovery in qualitative research was that the ‘ONLY’ message had to be key feature of the campaign; otherwise the primary outcome was ‘made with 100% natural ingredients’, rather than ‘the ONLY ham you can buy that is made from 100% natural ingredients’. So for example, in ‘Natural Lesson’, when the girl is asked to find something unexpectedly natural for homework, she finds only one ham she can use. It underlined its uniqueness.

In research groups, we found listing the 5 natural ingredients in the communications distracted consumers from the key message. It was decided the place to highlight them was on the pack. To alleviate scepticism, we gave an explanation of the product, the ingredients and the information backing up the ‘only’ claim on the Denny website which was featured on the TVC.

The TV creative followed the same documentary style of the existing Denny campaign and complemented the existing suite of advertising. It was filmed in a real school in Clonsilla, with a teacher giving children their homework for the day. The challenging message behind the story made sure it had impact.

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The Idea and Communications Activity

Media Strategy

The media strategy also focused on impact and relevance. This was an incredibly important campaign to Denny and as such we could not afford any chance of our bullseye target audience, Mums, failing to notice our advertising. However whilst a blanket sweep of media channels would drive mass awareness, it would have been inefficient and have failed to cut through.

Our first step was to decipher when the most relevant times would be to communicate, what Mums mindset was across the week and what the role of media would be during those periods. Four key targeting periods in her day with clear hotspots became apparent.

“Daily Structured Time” was the more routine, functional parts of her day when she prepared weekday meals, got her kids ready for school or activities, did her grocery shopping. It was a hectic time when Mum’s mind was focused on clear tasks. We had to ensure our communications were functional and helpful during this period. This had clear implications for the creative at POS.

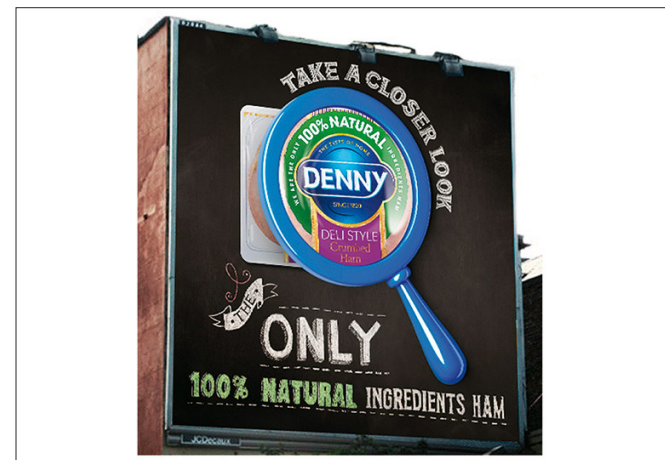
Secondly, there was “Pottering Time”. This was mums time away from the kids, when she was planning on how to be the best mum possible. What she would cook, what she would buy and planning where to go with her family. This period occurred during weekday mornings (post 9am) and evening after 8pm when her kids were asleep. It offered Denny relevant and receptive touchpoints for communication.

The third phase was “Family Time”. It included weekend breakfasts, key shared viewing moments like X Factor and bedtime stories. Whilst a small part of Mum’s week, any Denny communications during this period would be well received.

Lastly there was “Me Time”. This was a time when mum was no longer in a mum mindset. She was with her friends, at the gym or out with her partner. It was imperative we avoided communication during these times as no Denny communication would have traction.

Across the stages, “Pottering Time” offered Denny the richest territory. The agency built the media strategy around this period using communications which would clearly demonstrate the 100% natural proof points and underpin the creative work.

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The Idea & Communication Activity

The media commenced on the 10th February with a heavy TV and a radio campaign built specifically around pottering time and with upweights in family moments. The TV executions included a 30" top with a more tactical 10" tail, which reinforced the ONLY 100% natural ham messaging.












The outdoor utilised a mix of high impact formats (48sheets, bus rears) and point of sale. Whilst the outdoor included some high profile areas, the site mapping focused on targeting suburban mums. A few outdoor special builds were included which brought the magnifying glass device to life. POS was used to close off the path to purchase and to act as a final reminder of the Denny benefits.

To ensure the campaign was unmissed, 79% of the media budget was allocated to this phase.

The second strand of activity was all about ensuring Mums processed the benefit of the proposition. We needed the campaign to feel important and that there really was something different in what we were communicating.

- ▶ We undertook a radio promotion with Ray D'arcy with a "take a closer look" challenge.
- ▶ We carried out one on one communication using an eCRM programme using third party and the Denny database.
- ▶ We developed a partnership with Mummypages which delivered over 152,000 unique Mums and secured endorsement from 50 brand advocates through a sampling programme.
- ▶ The testimonials from this sampling programme were so strong, that we created an advertorial using some of the mums comments. This ran across one weekend of national press.

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	Feb	March
AV (TV +VOID)		
RADIO		
OUTDOOR INCLUDING SPECIALS		
POINT OF SALE		
RADIO PROMOTION		
MUMMYPAGES		
PRESS ADVERTORIALS		
PRESS ADVERTORIALS		

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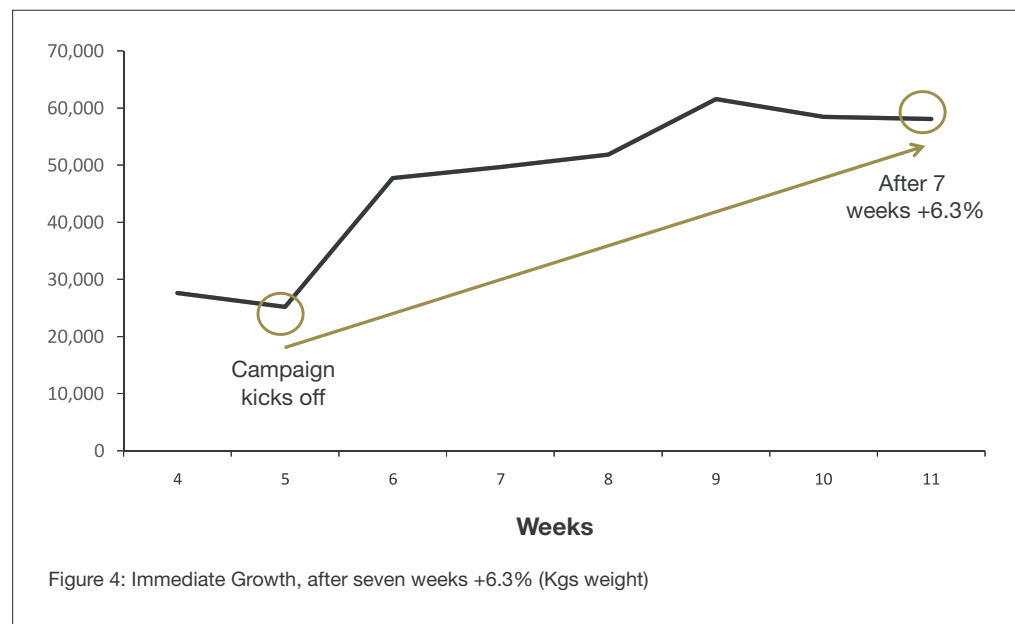
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Results

To say the campaign was a success is an understatement. Denny Deli Style Ham with 100% natural ingredients showed an immediate response to advertising and for the first times in 3 years, Deli Style was contributing to positive growth in the category.

Sales Results

The sales results in the initial seven weeks showed a 6.3% volume (000kgs) increase verses the same period 2011 and 45% increase on the previous 7 weeks (verses an annualised target of just 2%) and that crucially, Denny was succeeding in curbing the flow of lapsed users to its competitors. In unfavourable economic circumstances the results show how product innovation could still bring new customers into the category.



Denny Deli Style was trialled by 29% of households in the eight week period post campaign launch (6th Feb to 31st March 2012). This amounts to 475,000 households and 585,000 packs.

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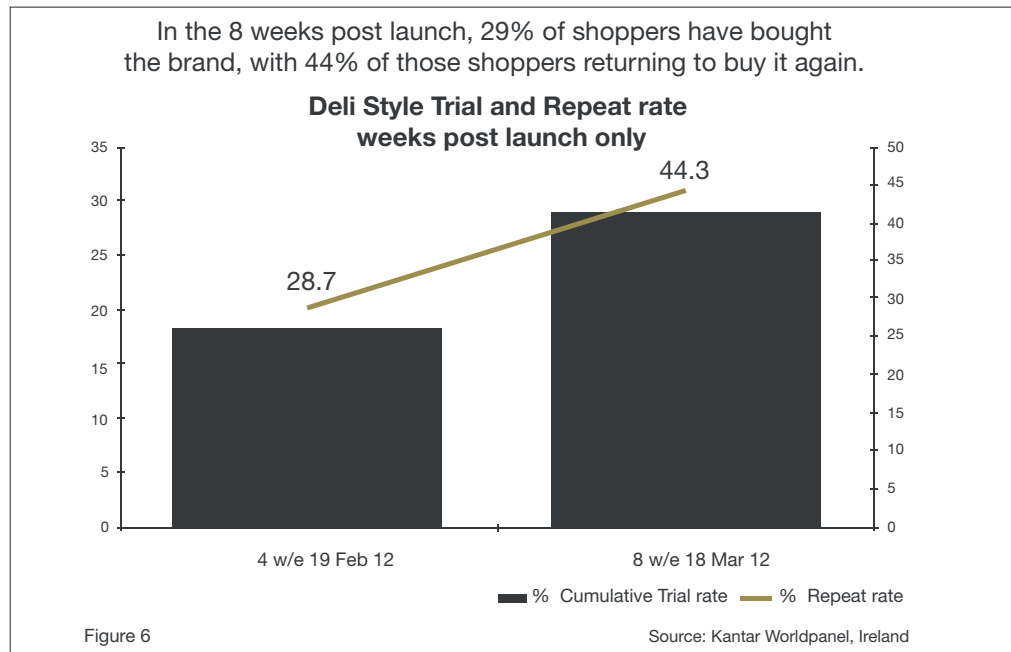
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The Results

A massive 49% of Deli Style volume sales were incremental and new gains for Denny in this period.

- ▶ Existing Denny consumers continued to purchase, which in itself, was an achievement given the significant pack and logo change. But in addition, nearly half of the existing Denny customers increased their volume (21%). On average each purchase increased by 10g.
- ▶ Significantly, most of the new gains won (23%) were made from 'switchers'.
- ▶ Unexpectedly, this new product proposition also brought 5% volume growth from entirely new consumers to the sliced meats category. That amounts to 80,000 households.
- ▶ Overall penetration growth +14% in the initial 8 weeks.

There were also positive signs that Denny had indeed found 'meaningful differentiation' as 44% of households who trialled the product, repeated purchase in the eight week timeframe.



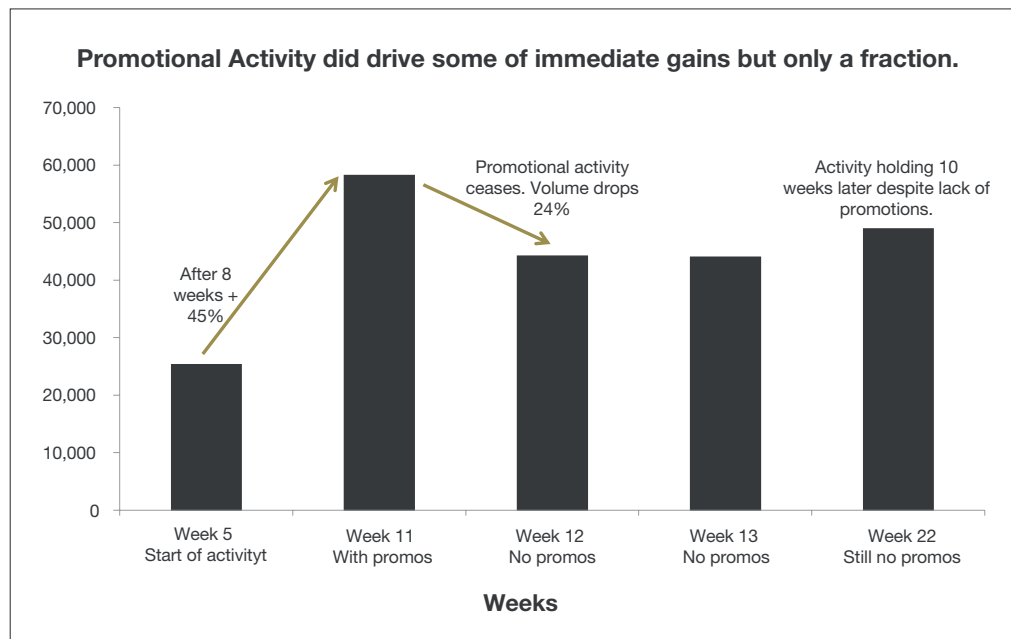
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The Results

The promotional activity which ran concurrently with the advertising campaign naturally influenced the substantial sales spike. However the weekly data showed that the promotional activity was only driving a fraction of those sales. From week twelve onwards, promotional activity ceased. Sales fell back by 24% in week 12 verses week 11 and subsequently held. Ten weeks later, in week 22 there was still an 11% net gain (average Kgs/week), versus the period prior to the campaign and a 21% value increase.



These sales results were tracked from the launch of the advertising campaign on 6th Feb 2012. Apart from the timing of the campaign launch versus sales uplift, we also have other strong indicators to link the sales success to the effectiveness of the advertising campaign. Link testing of the TVC 'Natural Lesson' by Millward Browne, Brand Health tracking by Millward Browne in Q1 and qualitative research groups all scored well on the dimensions we required for the campaign to be a success.

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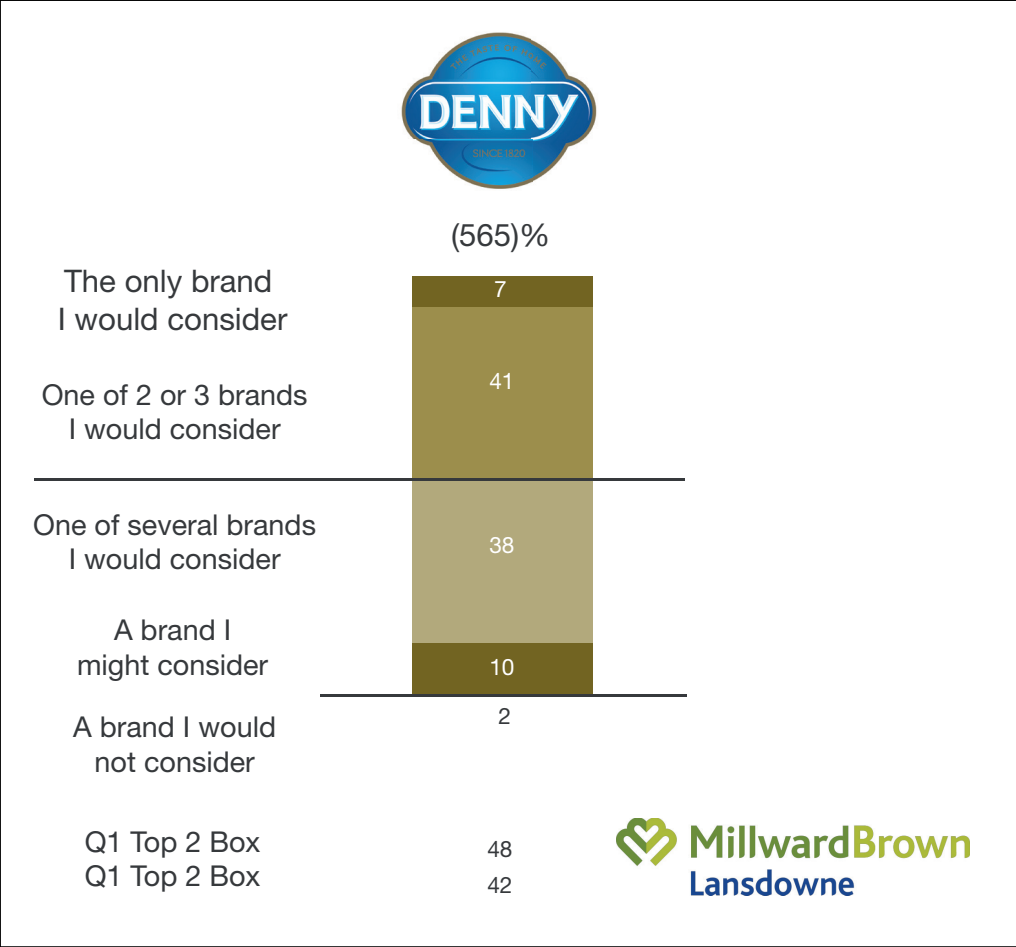
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The Results

Consideration

This had the effect of growing brand consideration by 14% putting Denny back in the top 2 box within its brand set. 48% are in the top 2 box, versus the annual target of 46%.



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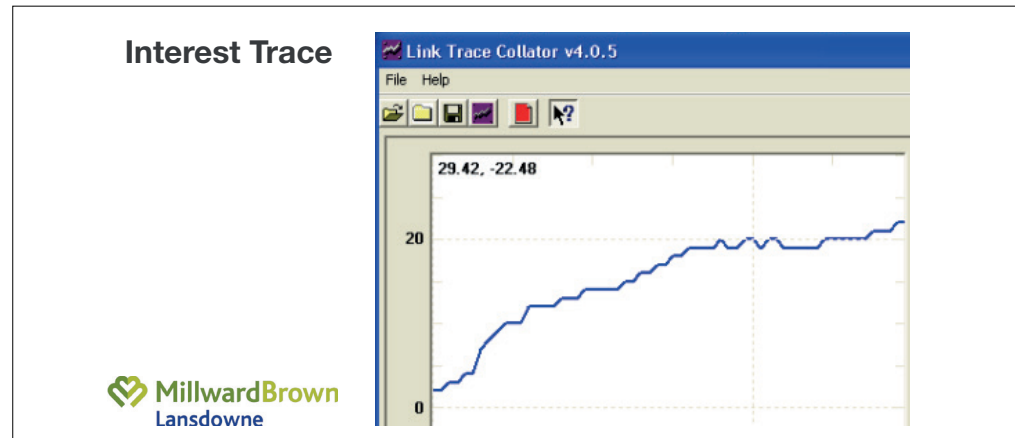
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The Results

Likeability And Comprehension

Likeability is a key measure and Figure 1 shows the link test 'Interest Trace' which is very positive, steadily growing throughout the TVC and peaking at the end.



According to the Link Test, 'Natural TVC' was also easy to understand. 77% versus the norm of 63% found it 'very easy' and 21% found it 'quite easy'. It was considered a succinct TVC with a straight forward message.

Recall

Recall for the campaign was high. In Q1 Brand Health tracking, 58% had seen 'Natural Lesson' versus the MB industry norm of 49%. This rose to 66% for mums and 69% for those aged 35 to 49.

Branding

Branding was significantly above the norm, despite the changed logo and pack. In the Link Test, the combination of "you couldn't fail to remember it was for Denny Deli Style" and "it was quite good at making you remember it was for Denny Deli Style" came to 93%, versus the norm of 80%. Above norm scores were achieved for 'brand cues', 'brand fit', 'branding' and 'music'. The creative struck the right balance of familiarity, as it was an extension of the current Denny stock of advertising, and differentiation, so it

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could deliver new news. The advertising style and brand cues were a benefit, rather than a hindrance, in ensuring new category news was attributed to Denny. The 'Natural TVC' combined brand values and an innovative story to set it apart from the competition.

Landing 'the only'

It was clear from qualitative research, the link test and brand health tracking that the key message was effectively communicated.

- ▶ In Link Testing a TVC, the Irish norm for a 'main impression' is 15% and for 'any impression' picked up is 35%. The impression 'That Denny Deli Style is the only ham you can buy that is made with 100% natural ingredients' scored 43% as the main impression, nearly three times the norm. For 'any impression' it received 59%, +24% above the norm. The message cut through evenly between frequent and lapsed Denny users.
- ▶ In Q1 Brand Health, amongst those who had seen 'Natural TVC' 70% in total got the impression 'Denny Deli style is the only ham you can buy that is made with 100% natural ingredients'
- ▶ Having watched the TVC in Link Testing, 76% of respondents felt the impressions could 'Only be for Denny sliced ham', validation that the uniqueness of this proposition was landing with consumers. This was +24% above the norm.
- ▶ Post viewing in the Link Test, the statement 'Denny Deli Style is the only ham made with 100% natural ingredients', the mean score shifted upwards to 7.73 from 4.04.
- ▶ In qualitative groups, the key message outtake grew stronger amongst consumers with repeated viewing.

Persuasion

The Link Test persuasion scores are truly outstanding compared to industry norms and it must be concluded that they are related to the dramatic sales results. The persuasion score was 85% versus the norm of 56%. The mean score was 28 versus norm of 11. Significantly, the scores equally outperformed norms as significantly amongst users and lapsed users. Millward Browne concluded "this ad has a good likelihood of increasing short-term volume", which was confirmed by the sales results.

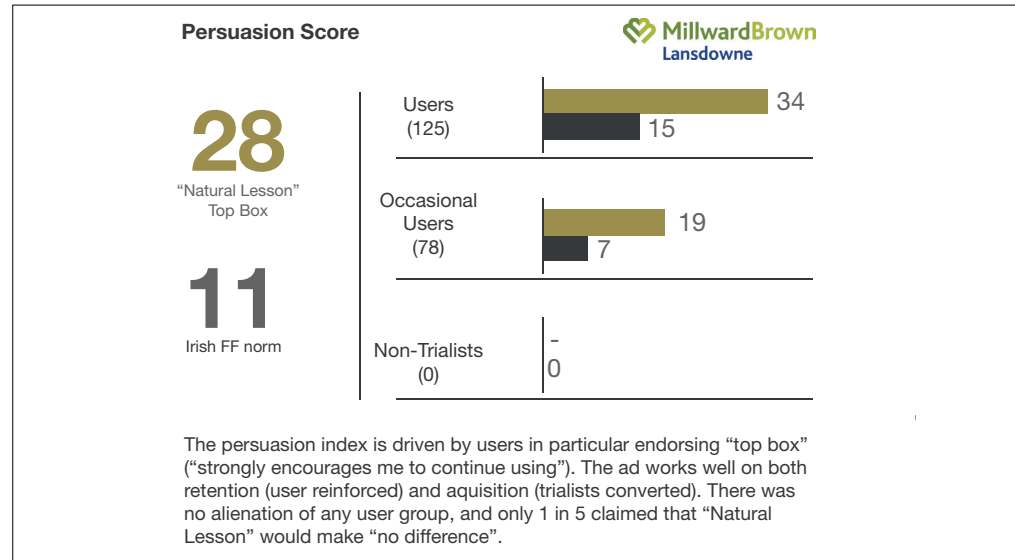
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The Results



Behavioural Change and Payback

There are strong indicators in the Link Test and Brand Health that attitudes are changing towards the Denny brand because of the ‘Natural’ campaign. The results also suggest that ‘100% natural ingredients’ is a meaningful differentiator for the brand, not just for the retention of users but for the acquisition of trialists, lapsed users and repertoire shoppers. We saw the following shifts in just one quarter of activity. All communications activity during this time was for Denny Deli Style Ham with 100% natural ingredients.

- ▶ 49% stated ‘it makes me think that Denny is better than others’, versus the norm of 18% (Link Test)
- ▶ 76% said ‘It made me think that Denny Deli Style is better than other sliced ham’, versus norm of 40% (Brand Health)
- ▶ 50% stated ‘It makes me think that Denny is leading the way’ versus norm of 18% (Link Test)

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Behavioural Change and Payback

- ▶ 43% said 'It makes me think differently about the brand' versus norm of 17% (Link Test)
- ▶ 80% agreed strongly or slightly that the 'Denny brand is really different to the others', versus 49% norm (Link Test)
- ▶ 35% said the TVC made Denny 'much more appealing', versus norm of 18% (Link Test)
- ▶ 73% said 'It made me more likely to use the brand', versus norm of 53% (Brand Health)
- ▶ 36% said 'even if it cost more than other brands of sliced ham', they would buy, versus the norm of 16% (Link Test)
- ▶ The trend of declining equity is reversed in Q12012 and for the first time in a year the brand is showing strong equity.

We are showing signs of maintaining behavioural change as 44% of those who trialled, repeated purchase in period up until end of March 2012. Our volume gains since the campaign launched have also been maintained.

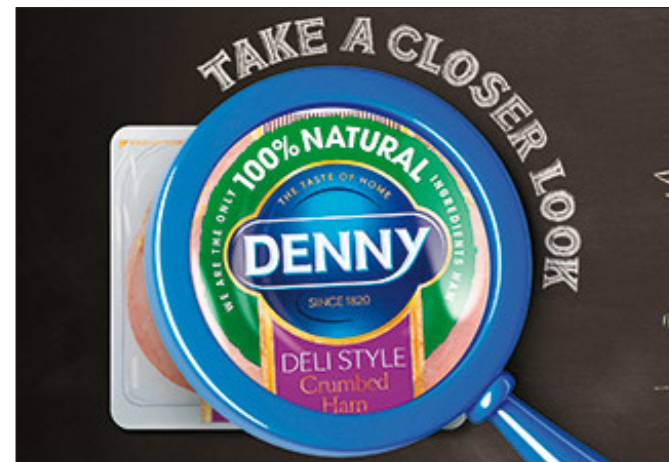
However, perhaps the most startling behavioural change we see from this campaign is the 5% volume growth from entirely new consumers to this category. This proves that our challenging campaign changed both consumer perception of the category and behaviour.

ROMI/Payback

After the first seven weeks, the return on marketing investment was 110%. The campaign had more than paid for itself. This is hugely significant when you consider the size of the category.

However the real return has been evident on a much longer level where no promotions ran and the communications weights were at a much lighter level of communication.

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Summary

This case study shows how the Denny brand advertising campaign evolved to meet changing market circumstances with exceptional results. The 'Taste of Home' Denny advertising had helped to build up strong emotional affinity to the brand over the years. But in the past few years this sliced meat sales have been in consistent decline.

In the context of financial pressure, Denny customers have had to take a more rational look at their purchase decisions and in many cases they have found cheaper alternatives to be acceptable. In order to halt sales declines and to win back lapsed users it was decided to give customers rational reasons to strengthen their belief in the brand and to justify its premium pricing.

The situation was grave so it was decided to challenge consumer's perceptions about sliced meats. But this more challenging, more rational approach for Denny was presented in the unique Denny style to maintain the brand affinity built up over the years.

The results are exceptional. Sliced meats sales went from decline to growth, sales are up year on year and a large number of lapsed users have come back to the brand. In addition to the immediate sales benefits, the brand tracking improvements show that this change in direction has really strengthened the brand in tough times.

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