

# MARKETING EXCELLENCE 2

Hovis

Re-establishing an iconic brand



MARKETING  
SOCIETY

AWARDS FOR  
**EXCELLENCE**

in association with  
**Marketing**

# About The Marketing Society



## **INSPIRING BOLDER MARKETING LEADERSHIP**

The Marketing Society is a not-for-profit organisation owned by its members, with over 2500 senior marketers. Over the past 50 years it has emerged as one of the most influential drivers of marketing in the UK business community.

The Society challenges its members to think differently and to be bolder marketing leaders by supporting the development of leading-edge thinking, and promoting the evidence of effective marketing. The Society does this through the Marketing Society Awards for Excellence; its publications Market Leader, Our Week and rich online Knowledge Zone; a national programme of world-class events; innovative professional development, such as the annual Marketing Leaders Programme; and extensive on-and-offline networking opportunities.

[www.marketing-society.org.uk](http://www.marketing-society.org.uk)

# Foreword

By Roisin Donnelly,  
President of The Marketing Society

## What is marketing excellence?



Roisin Donnelly  
President of  
The Marketing Society  
Corporate Marketing  
Director and Head of  
Marketing at Procter &  
Gamble UK and Ireland

Marketing excellence can drive breakthrough business results for the short and long term. Marketing excellence requires great strategic thinking, great creative thinking and perfect execution.

But how do we assess *marketing* excellence? First we choose brilliant industry judges who are all experienced and successful practitioners of excellence and we ask them to pick out the cases which they see as remarkable. We ask them to look for two key qualities from our winners: creativity and effectiveness.

But marketing continuously changes and evolves, as consumers become more sophisticated and demanding and the media for communicating with them ever more diverse. So the standards for marketing excellence change and in turn become more demanding.

We believe that The Marketing Society Awards for Excellence in association with *Marketing* set the standard of marketing excellence in the UK. They have established this reputation over a period of

more than 25 years, and they have always been based on the principle of searching out the best examples of different marketing techniques in action, that showcase great strategic thinking, great creativity and perfect execution.

In order to be a winner of one of the Society's Awards, marketers have to demonstrate that what they have done is outstanding in comparison with marketing in all industries not just their own particular sector.

If a marketing story has been good enough to impress our judges, then all marketers can learn from it – however senior they have become. The collection of case histories brought together in this book is the best of the best from the past four years of our Awards, and I am confident that it truly demonstrates *marketing excellence*. I have been truly inspired by these case studies and I hope you will be too.

# Hovis

## Re-establishing an iconic brand

### Snapshot

A powerful and consistent marketing campaign brought a languishing brand back to life.

### Key insights

- Mounting a well-coordinated, carefully integrated and comprehensive marketing campaign which included product improvement and new packaging quickly transformed the Hovis brand from an also-ran to a share-grabbing star.
- By refreshing the brand's powerful advertising legacy and using an innovative assortment of media channels, the campaign became the most talked-about of the year while also generating huge amounts of additional media coverage.
- Significantly improved consumer perceptions translated into rising sales, share and a healthy return.

### Summary

Hovis is a great British brand, owned by Premier Foods. Founded 122 years ago, it was a household name for generations. However, since 2006, Hovis had found itself in serious trouble. Over time product quality had gradually been ignored. Advertising spend

had been cut and the packaging had become somewhat tired.

By the end of 2007, Hovis' share was plummeting, exacerbated by the runaway success of rival Warburtons. If the brands continued to diverge at this rate, then there would be a 20% point share gap behind Warburtons by the end of 2008, equivalent to £360 million sales per annum.

A new marketing team arrived and began to develop a coherent marketing strategy, including rethinking the communications and new product development. It had a significant impact on performance by the end of December 2008. A year later, perceptions of the brand had risen dramatically, boosting sales and clawing back market share from its rivals.

## Beginning the fight back

By the end of 2007 the 122-year-old Hovis brand was in deep trouble (Figure 1). The prospect of such a sharp decline was not only alarming in itself, but it also had some important side-effects. Firstly, retailers were watching with growing impatience. If this was not addressed soon, distribution might be affected, which would then cause sales to spiral further downwards.

Secondly, morale was low among the 6,500-strong workforce. Finally, the decline of Hovis spelled trouble for its parent, Premier Foods plc. Since Hovis was the company's biggest brand by far, any difficulties affected investor confidence, as summed up by a damaging headline in the *Sunday Times*: 'Is Premier toast?'

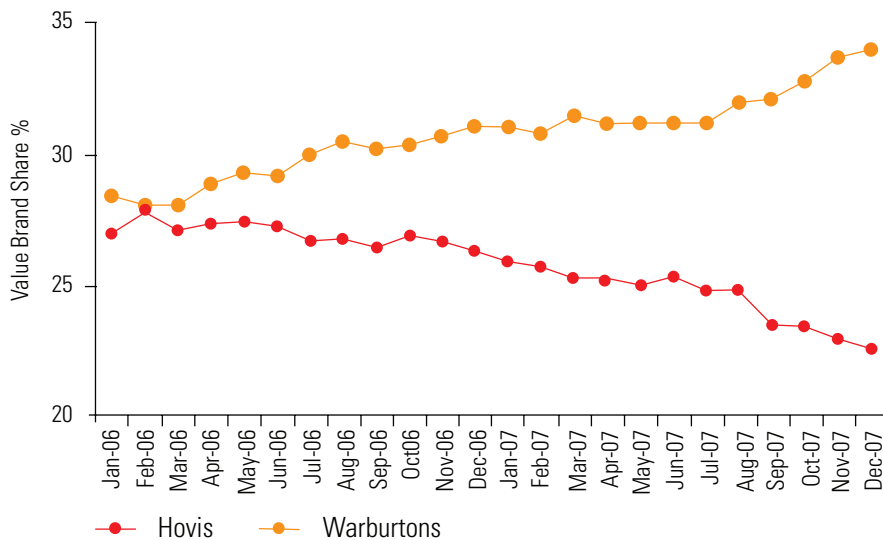


Figure 1

Faced with such a set of formidable challenges, in early 2008 Premier Foods appointed a new marketing team led by Jon Goldstone and Julie Leivers. They quickly set about assembling a new roster of agencies: MCBD for advertising, Frank for consumer public relations (PR), Circle for trade PR, JKR for packaging, Communicator for online communications and MediaVest for media planning and buying. They then galvanised these agencies into acting as a tight unit working towards a complete relaunch of the brand by September 2008. With the final agencies only put in place in April, this gave the company an extremely ambitious time frame of four-to-five months to turn everything around.

The new team pored over the existing data from Millward Brown to IRI with fresh eyes and also commissioned further research, including qualitative and semiotics. From this, it became clear that consumers were increasingly differentiating between 'good bread' and 'bad bread'. They associated the former group with 'healthy, natural food from real bakers' whereas they characterised the latter group as consisting of 'processed products from mass manufacturers'.

The problem for Hovis was that it was increasingly being relegated to the latter group. This was a travesty, given that Hovis' products actually tended to be more natural and healthier than those of their rivals, as well as the brand's historically strong associations with baking heritage and 'goodness'. So the team decided to move Hovis back into pole position as the leading 'good bread' (natural, healthy tasting bread from real bakers).

## A multi-pronged strategy

There were several critical elements to the turnaround strategy:

1. Improving the product.
2. Revitalising the packaging.
3. Creating outstanding communications.
4. Generating PR and word-of-mouth.

### 1. Improving the product

The first issue to be tackled was product quality. An intensive programme of testing was put in place, which showed that Hovis came third out of three on all its breads. White, Wholemeal and Best of Both were identified as particular priorities for improvement and new formulations were introduced which promptly beat all their rivals in further testing. The Soft White reformulation was particularly important, as its launch in May 2008 (backed by an outdoor campaign) helped stabilise sales before the main relaunch.

### 2. Revitalising the packaging

Having improved the product, it needed to be showcased more effectively. Guided by further research, the entire range of 30 SKUs were completely redesigned. They were given a much bolder look, with strong colours, an iconic updating of the logo and confident display of the bread itself. In research, the new design was found to be 'A very strong new pack for Hovis — an excellent expression of the positioning' (Figure 2).

### 3. Creating outstanding communications

Relaunching the Hovis brand was particularly challenging in that any creative idea would be measured against one of the nation's favourite commercials of all time: the 35-year old commercial 'Boy on bike', which was regularly voted viewers' favourite ad of all time (Figure 3). Here, MCB

decided that it would be crazy to ignore the legacy of this advertising altogether and so reintroduced the original concept of a boy on a journey, clutching a loaf of bread. But this time the lad found himself running through all the major events of the last century before returning home safely in 2008.



Figure 2. The new packaging



Figure 3. 'Boy on bike' ad



Figure 4. Press campaign

The moral of the story was that Hovis is 'As good today as it's always been' — which was a perfect encapsulation of the underlying brand strategy. This thought also proved the inspiration for a striking press campaign, where classic Hovis ads of yesteryear were updated to showcase modern products (Figure 4).

#### 4. Generating PR and word-of-mouth

Every opportunity was taken to stoke editorial coverage and word of mouth:

- Journalists were cast as extras to help maximise coverage.
- Employees were also cast to ensure internal support.
- A survey was commissioned to ask consumers which historical events best summed up the British 'spirit' (later used on radio and on TV interviews).
- A 'trailer' was created to be used as a piece of teaser content for the City (and for YouTube, *Media Guardian* and Brand Republic).
- An interactive educational pack tied into the New Literacy Framework was created.

#### Maximising the media strategy

TV advertising kicked off the launch because the brand needed to be catapulted back into the nation's hearts and the medium remains unbeatable for engaging people emotionally. However, this was no ordinary TV campaign. Most famously, the launch ad was a media first, running at 122 seconds (one for every year of Hovis' history which itself worked well as a PR story) before cutting down to 90 and 10 seconds. Equally importantly, appropriate programming was chosen for the ads, such as *Coronation Street* (where ITV took the unprecedented step of cutting the soap by two seconds to accommodate Hovis) and the 'Pride of Britain Awards'.

Online was used to maximize interest, with websites such as MSN and Virgin Media taken over on launch day. Over 300,000 people watched the ad online in the first month alone. A slightly different mix was used during the product communication phase. TV continued to be used as a form of 'air cover' but was also supported with more direct media such as newspaper advertising, door drops, inserts and outdoor sites located near supermarkets.

Once the big brand idea that Hovis was 'As good today as it's always been' was launched, the next step was to provide some specific product evidence. So throughout 2009, a number of hard messages were communicated under the campaign umbrella.

For instance:

- Highlighting the surprising fact that two slices of Best of Both contained as much calcium as a glass of milk.
- Challenging consumers to 'feel healthier or your money back' when switching to Hovis Wholemeal.
- Conveying the news that Hovis white bread had been named Britain's softest, in taste tests.
- Using Seed Sensations poppy seed loaf to raise money for the Royal British Legion on Remembrance Sunday.

#### Significant consumer impact

The 2008 campaign was the most talked-about of the year: 72% of consumers saw the campaign and millions more saw the media coverage surrounding it, which was worth over £2 million in total.

Thousands more discussed the campaign online. Indeed, a record 180 blogs included conversations about Hovis over the period. Meanwhile, 274,000 people visited the new Hovis website, with almost half (133,000) watching the TV commercial there.

And a further 180,000 people watched the ad on YouTube in the first month alone.

### Memorable advertising

According to Millward Brown tracking, this advertising was the most popular campaign of 2008:

- 84% of respondents 'enjoyed the advertising a lot'.
- 63% agreed 'it made the brand more appealing'.
- 58% agreed it was 'the sort of advertising I'd talk about with friends'.
- Crucially, 86% agreed that 'I would definitely remember the ad was for Hovis'.

The advertising went on to be named campaign of the year by both *Campaign* magazine, the BBC and the British Television Advertising Awards. It received the same title in three separate polls of the British public conducted by Film4, UTalk and Mintel. Over 1,000 people even went to the trouble of writing to Hovis to congratulate it directly. Significantly, given the wider commercial situation described earlier, the campaign was also welcomed by the City and the trade. In addition, in 2009, another UTalk poll named the 'Poppy/British Legion' ad the best commercial of the year.

The campaign wasn't just appreciated for its entertainment value, though. 86% of viewers took out the main message that Hovis is 'as good today as it's always been' (vs. a norm of 52%). And 65% said that the advertising 'got me thinking differently about Hovis'.

Figure 5 shows how perceptions of Hovis rose dramatically over 2008-9 because of the brand's

revitalisation. Interestingly, perceptions of modern relevance rose significantly as well as perceptions of heritage. These improved brand perceptions were accompanied by improved product impression across the board as brand-specific activity kicked in in 2009 (see Figure 6), while consumers increasingly associated Hovis with innovative, differentiated products. As a result, consideration of Hovis rose by 11% points from 2008-9.

More significantly, this translated into actual changed behaviour, with penetration rising from an already high base (72.5% to 74.6%). In addition, as Figures 7 and 8 illustrate, both frequency and number of products bought rose significantly.

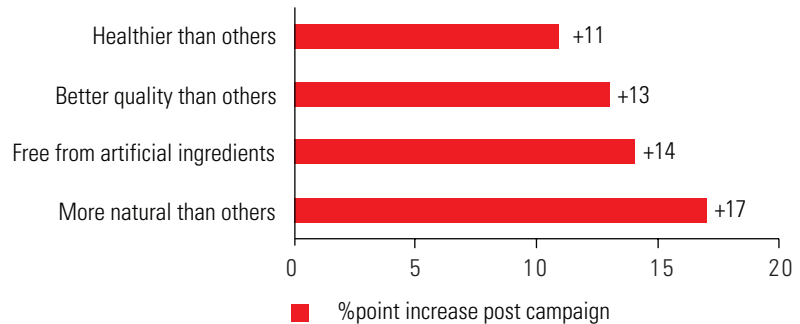


Figure 5

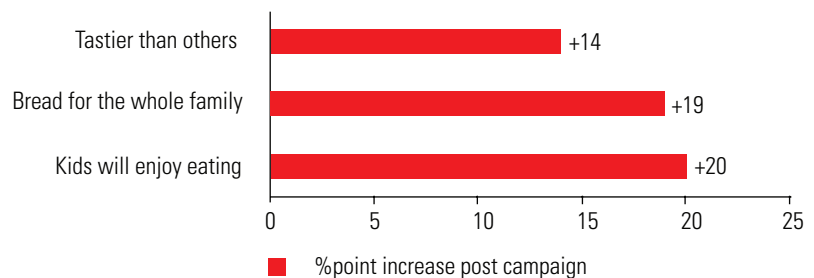


Figure 6



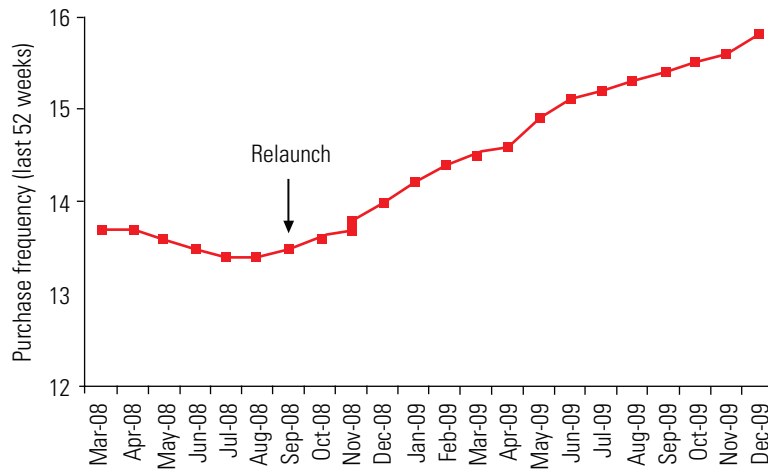


Figure 7. Source: TNS

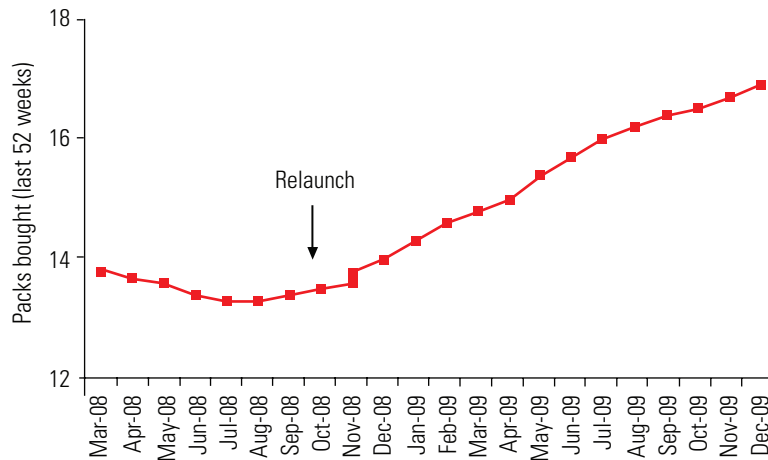


Figure 8. Source: TNS

## Beating expectations

After two years of more or less continuous decline, Hovis sales started to rise — and kept rising, until the brand was up 14% year-on-year (YOY). In absolute (£sterling) terms, this made Hovis Britain's fastest growing FMCG brand in 2009.

Within this, the format-specific campaigns were particularly successful. For instance the 'Voted Britain's softest' campaign drove Hovis Soft White sales by 36% YOY. Meanwhile, the 'wholemeal challenge' activity grew share of brown bread by 2.3% points and the 'Best of Both with calcium' activity grew its share of the half-and-half category by 4.1% points. On a different note, the 'Poppy' campaign in 2009 raised over £110,000 for the Royal British Legion.

Most importantly of all, overall share rose consistently, so that the 20% point gap predicted never materialised. Instead, Hovis was now only a tantalising 6% points behind Warburtons, and continued to make ground.

With such a dramatic and conspicuous success story, the campaign was also welcomed by the City and the trade. Premier's shares outperformed its fellow British food producers by around 24% in 2009. While this was not all down to the Hovis campaign, the activity did feature prominently in the analysts' reports. Investec, for example, concluded that 'it is clear that the relaunch has been a success in terms of sales and marketing'.

What about other plausible causes for the brand's success?

- It certainly wasn't about slashing prices. The average price of a Hovis loaf actually rose significantly over the period, because of increases in the cost of raw materials.
- Nor did Hovis raise prices by less than the competition. Warburtons also raised its prices in 2008, meaning that the relative gap between the two brands remained virtually static. However, while perceptions that Hovis was 'worth paying more for' rose by 4% points over the period, Warburtons' score on this measure fell by 4% points — suggesting that the campaign was more successful in justifying the price rise.
- The brand wasn't boosted through the use of promotions. All bread brands (especially Warburtons) increased their use of promotions over 2008-9, due to the recession. However, the analysts at Dresdner Kleinwort noted that Hovis' strong performance wasn't simply being achieved by a ramping up of promotions.
- Nor were there benefits from distribution gains, either for the master brand or the main SKUs.

### Robust returns

Finally, while bread sales as a whole rose by about 2% in volume over the period, the share data proves the impact of the campaign on the brand's fortunes. Hovis had originally been projected to hit 17% share by the end of 2008, with further declines in 2009 very likely. By the end of 2009, however, Hovis had actually achieved 26% share — 9% points above this projection.

In a £1.81 billion market, these nine incremental share points were worth £163 million sales per

annum. But to calculate the real return on marketing investment (ROMI) the longer-term value of these sales should be factored in. Applying a rough FMCG industry ratio, it is estimated that these effects could have been 2.5 times greater than in 2008, giving a potential total of £407 million.

Applying the company's average gross margin of c.30% would give the company a potential return of £122 million. If the spend of £15 million accounted for at least 12% of the results, the campaign will have easily paid for itself.

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BT has evolved from being a supplier of telephony services to become a



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We are working hard every day to build the company around what our customers want from us. That's why Aviva now ranks among the UK's top ten most valuable brands, according to the 2010 Brand Finance Global 500 survey and that success is something we are looking to replicate across the world.



leading provider of innovative communications products, services, solutions and entertainment products. BT's business customers range from multinational, multi-site corporations to SMEs and start-ups.

More than 80 per cent of the FTSE 100 and 40 per cent of Fortune 500 companies rely on BT for networking, applications and system integration. The National Health Service, Procter & Gamble, PepsiCo, BMW, Emirates, Fiat, Microsoft, Philips, and Unilever are just some of the organisations working with BT.

BT has been a driving force behind the success of 'Broadband Britain'. Thanks to the company's investment, nearly every home in Britain now has access to broadband and in September 2009, BT announced plans to more than double the availability of its fastest fibre broadband service.

# MARKETING EXCELLENCE 2

“A treasure trove of examples covering the whole waterfront, from launching new brands to revitalising, sustaining and extending established ones, and from insights to advertising and sustainability. Whatever your business, it should make you proud to be a marketer, shake up your thinking and inspire you to go the extra mile.”

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“This exciting book demonstrates how great marketing can solve the most difficult problems, through analysis, teamwork and creativity.

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