



SCOTLAND
FOOD & DRINK

Timeless Classics: Why Successful Food and Drink Brands Aren't Short Stories

September 2019





Twists in the Plot

The story of global fast-moving goods (FMCG) companies may go back 200-years but the past decade has seen some major adjustments in market dynamics. We live in an environment of unprecedented change in how people live, work, shop and spend their leisure hours. Grocery supply chains have become ever more complex with high-pressure expectations to move product volume with increased velocity. The traditional food or drink producer/retailer margin pool has come under pressure from rising costs, the waning power of bricks-and-mortar retailing and the rise of hard discounters. Supermarkets are now devoting more space to small brands. Between 2011 and 2017, large brands in the US lost 3 percentage points of market share to smaller companies, according to Boston Consulting Group (BCG), equating to \$22bn of sales. Jim Brennan of BCG (quoted by Bernstein Research) noted, “This is the first time we’ve seen this in 50 years. It fundamentally challenges what maintains the consumer-packaged goods industry, at least certainly in the western world, since the post-war period.”

As a result of these market stresses many companies have been pressured into hunting for revenues to meet short-term financial targets or in the pursuit of boosting volume sales. This short-term, transactional focus may be necessary to demonstrate proof of concept but companies that keep changing plans risk losing out to rivals that stick with a long-term strategy that focusses on understanding the shopper base, seeking out new consumers and developing the brand to fit their changing lifestyles. For companies that manage successful food or drink brands it’s less like writing a short story, more of a novel.

Strathmore Foods

The 'McIntosh of Strathmore' chilled retail brand is the largest and most successful part of family-run business Strathmore Foods Ltd. In 2003 the business acquired the ailing McIntosh brand, which operated in a chilled meal category that was almost entirely dominated by retailer own-label products, and began a programme of investment in marketing and product development, culminating in the re-launch of the brand as 'McIntosh of Strathmore'.

The brand continues to grow year on year and is now regarded as one of the country's top food & drink brands, with the annual Kantar Worldpanel report on take-home sales in Scotland for 2018 ranking McIntosh as the 4th Scottish food and drink brand excluding alcohol.

The foundations of this continued YOY growth come from having developed a very loyal customer base that trust the brand and its products. By focusing on consistent quality and locally sourced ingredients wherever possible and offering these at reasonable prices, customer loyalty for the brand has become a major strength in driving growth and has allowed the business to stretch product development into market sectors other than just chilled Scottish ready meals for retail.

Whilst the brand does need new products to maintain growth and the product portfolio has stretched to target new sub-categories and customers, NPD has also always catered for the loyal customer base upon which the brand growth is built, whether this be by offering different twists on best-selling products or simply reducing salt or fat content on the current lines. Similarly, whilst marketing budget is spent on growing brand awareness and targeting new customers through TV, radio, outdoor and press, some marketing campaigns are specifically focused on rewarding current customers. This has included money-off vouchers, the McInvest Community grant campaign, digital projects and a McIntosh newsletter that is circulated to a database of customers.

Like all brands in growth McIntosh can attribute some of its strong performance to increased penetration, but a big factor in the long term success of the brand is the time and effort spent working with and rewarding a loyal customer base to maintain success in an ever-changing food and drink market.





Hooking an Audience

Ensuring that loyal shoppers are consistently re-assured and reminded that they're buying the best whilst simultaneously boosting the number of new buyers attracted to the brand is difficult to do in isolation from another critical performance indicator in consumer goods: brand consideration. Branding originated as an assurance of quality and provenance, a symbol of "the people behind the product", but many food and drink brands are now globally-produced and mass-marketed, leading to greater homogeneity in most FMCG categories. By focusing consumers' attention on extrinsic brand cues such as price instead of on intrinsic cues such as quality, promotions have made these global brands appear less differentiated.

Meanwhile, consumers have been moving in the opposite direction, no longer inclined to just accept what brands tell them, becoming more educated in the ethics, quality and tradition of food and drink products.

Numerous research sources indicate that shoppers want to know what is in the products they buy and where they come from, demanding curbs on plastic and waste. They are more environmentally aware; according to the research agency Euromonitor 61% of food and drink shoppers feel they can make a difference to the world through their choices. For brands it all means increasing pressure, as food and drink consumers seek "authenticity".

More than ever consumers value a brand's connections to origin. 'Made In', 'Made By' and 'Made Since' all matter. They have become the shorthand for all things consumers care about: quality, ingredients, health, tradition, environmental and workforce concerns. In writing brands' stories, provenance equals confidence.

Research company Future Brand describe in their 'Made In' report how origin and brands influence consumer preferences and choices. The report identifies four key elements that brands of origin should consider.

- **Authenticity:** Producing unique products or services with unique standards that can be connected with the country's history, people or geographical situation.
- **Differentiation:** Demonstrating difference from its competitors through approach, heritage or culture.
- **Quality standards:** Showing commitment to safety, craftsmanship, manufacturing excellence and transparency.
- **Expertise:** Being identified as the 'best' in a category or having created or defined it.

This has important implications for brand stories. First, if a brand owner is 'borrowing' associations from a place, they now need to consider if that story is authentic and own-able. If they do have authentic reasons to use those associations, like being invented there, or created by someone from that place, then they need to consider the best way to protect that association as an asset, because it is going to be increasingly vital for differentiation.

The authors conclude that if the story is inauthentic, there is every chance that consumers will begin to migrate to alternative brands and brand recognition will dwindle.

Castleton Fruit

It is estimated that soft fruit production in Scotland is worth nearly £100m a year with the fertile lands of Perthshire, Fife, Angus and Aberdeenshire offering the richest pickings. Located in the Howe of the Mearns, the Mitchell family have been growing fruit for over 20 years and are now one of Scotland's biggest commercial growers. The farm produces the equivalent of 142 football pitches worth of fruit every year.

The long daylight hours and temperate climate are ideal for producing high quality, sweet strawberries and the use of innovation, such as frost fighting technology, is being used to eliminate many of the weather-related risks of growing outdoors in Scotland.

By producing raspberries between the peaks of other UK supply and harvesting blueberries and cherries later than anywhere else in the northern hemisphere, Castleton has ensured consistency of product and supply, combined with a great provenance story, that has seen the business steadily grow its distribution both with the UK's largest retailers and also independents.

But the story doesn't end there. In 2008 Castleton itself turned full-time retailer, opening a custom-built Farm Shop and Café which was extended in 2013 to create a second kitchen for producing, jams, chutneys, syrups and vinegars for their award-winning Berrylicious Range.

Stocking a wide range of food and drink from other local suppliers in the shop allows the brand to tell its origin story to the maximum. There's nothing more authentic than looking out on the fields where the products start their lives. The 20-year Castleton tale is one of ingenuity, hard work and understanding the needs of trade customers and shoppers alike. The story continues as the brand grows year by year, driven by the provenance message at its heart.





Compelling Content

Research from Millward Brown and others shows that building recognition means anchoring a brand in consumers' long-term memories, using the full range of touchpoints. Winning companies broadcast a brand's messages widely enough to be heard, seen and read by the largest possible number of consumers.

To get into shoppers' heads, they articulate messages that are distinct and memorable, often in the shape of stories that tell consumers what the brand is, why they need it, how it's different and when or how to use it. However, because people can remember only a limited number of brand names, and memorise only a few messages, brand recognition is fragile and takes a long time to establish.

Winning companies therefore know that staying in consumers' heads takes consistency, persistence and repetition. As part of the overall story they use the same messaging and cues everywhere, from media advertising to packaging or point-of-sale signage. They avoid changes to messaging, logos, catch lines or music that erase memory structures. And they don't shy away from repetition. They stick to the brand's heritage to avoid eroding recognition, but continually refresh it to keep it current.

Recent research ('Provenance Perceptions 2019') commissioned by Scotland Food & Drink's Market Intelligence Team shows how this can pay off. Almost 70% of grocery shoppers in Scotland believe that the descriptor 'Made in Scotland' on a food or drink brand means that it will be better quality than an equivalent product from elsewhere. And a third of UK food and drink shoppers stated that they would be more likely to buy a product if it they knew it was made in Scotland.

Whilst nurturing and growing the provenance message is a key element of the story it's not the whole tale. Marketing analysts agree that to keep building on their success winning food and drink companies consistently focus in fundamental areas;

They invest in;

- Product quality to keep private labels at a distance and earn a justified price premium.
- Insight and data to understand the shopper and guide new product development.
- Trade terms to deliver increased distribution, prime placements or promotional slots that attract new consumers to the category.
- Renovations and range expansions to extend the bounds of consideration.

And they invest in the most important element of all, the people who make it all happen.

Harviestoun Brewery

Harviestoun Brewery is one of the forefathers of the craft beer movement in Scotland with a relentless focus on innovation in pursuit of better tasting beer. Ingredients are sourced from the best suppliers and Harviestoun has partnered with local farmers to grow its own bespoke barley, while ensuring all the rich, spent grain flows back to the farms as high quality animal feed, thus minimising impact on the environment.

The brewery is located on the foothills of the Ochil mountain range where brewing is exposed to the ever-changing purity of the Scottish weather. The 'four seasons in one day' climate is a terrific environment for brewing exceptional beer, captured perfectly by the phrase "Harviestoun Brewery, Untamed Scottish Beer".

The brewery's dedication to craft has been recognised in the world's most prestigious beer awards; World's Best Craft Pilsner for Schiehallion Lager, World's Best Ale for Bitter and Twisted and World's Best Stout for Old Engine Oil. Even in today's expanded craft market these brands continue to win awards year on year, making Harviestoun one of Scotland's most awarded craft brewers.

This dedication has only been achieved with a great team and a sharp focus. Collectively Harviestoun has developed a clear strategy, with distinct goals and values which the team live by and is, most significantly, underpinned by a single-minded statement; "Proud of what we do every day". The benefits of this strategy are being seen from brewing, across marketing, sales and back office.

Through increased investment in marketing the brand's story is being told through updated packaging, increased format availability, new communication tools and a flexible and user-friendly ecommerce website for consumers. This transformation has enabled the sales team to communicate and inspire customers about the beer and, more importantly, drive sales with the outstanding support of the finance and service team.

The single-minded focus on quality and understanding long-term trends is reflected in the brewery's most recent innovations, two new launches into the Low and No Alcohol category. Tireless effort over many years has brought two remarkable liquids to market; Whippet a 2.3% pale ale that hits a sweet spot of low alcohol without compromising flavour and Wheesht, a beautiful dark ale that's a pure 0% abv beer. Unlike many other brands Wheesht has never had any alcohol content and it delivers a full taste beer, whilst being low in calories. A brand to watch as the Harviestoun story continues.

At the core of Harviestoun Brewery is an innovative and entrepreneurial mindset that delivers quality beer every day. We have been crafting beer for over 36 years without compromise.

This is why consumers buy our brands and why we continue to invest in our growth plans.

Peter Sandström
CEO Harviestoun Brewery



Consumers now have exponentially more food and drink choices that are all, theoretically, trying to align with their individual expectations. And more are coming every year. In a world where we have unprecedented access to real-time 'information' from governments, corporations, influencers and consumers about the things we buy and the services we use, it is tempting for companies to think short-term, trying to catch the latest fad rather than planning for, and profiting from long-term trends.

Telling authentic and consistent brand stories, in step with shoppers' and diners' values and needs, has become more important than ever. Otherwise, they'll be lost in a sea of sameness, at the mercy of an algorithm that recognises points of data but not richness of meaning.

Sources: Bernstein Research, Boston Consulting Group, FutureBrand, Bain & Co., Millward Brown, Scotland Food & Drink Market Intelligence.

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