

# REVERSING DECLINE IN A GROWING CATEGORY

For publication

McCormick

DBA Design Effectiveness Awards entry – October 2019



# EXECUTIVE SUMMARY

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## A GLOBAL PLAYER LOSING MARKET SHARE...

The McCormick brands, known in the UK as Schwartz and known by a number of names across Europe, are leaders in the field of herbs, spices and seasonings.

But, despite being one of the largest players in the category, the McCormick brand was struggling to compete and retain a loyal base. In a competitive market place, private label and smaller brands were stealing share. 'REDACTED CONFIDENTIAL DATA'.

The business needed to grow value share, re-gain loyalty against own label and stabilise a penetration decline by targeting new audiences.

## ...IN A GROWING GLOBAL CATEGORY

In contrast, the herbs and spices category was experiencing healthy global growth, 'REDACTED CONFIDENTIAL DATA'.

This was in tandem with cultural interests in food and a growing trend in cooking from scratch. Own label were capitalising on category growth and cultural trends more than McCormick, suggesting a brand problem.

Under-pinning the brand's key challenges was a perception issue, and this was two-fold. With core consumers, the brand needed to improve its value perception to justify a price premium. For younger audiences, the brand needed to overcome perceptions of being old-fashioned and traditional to enable re-appraisal of the brand. McCormick had believed that these shifts would allow the brand to stabilise the decline.

## SHIFTING PERCEPTIONS TO CREATE A CULTURALLY RELEVANT 'FOODIE' BRAND

The solution lay in engaging with global cooking trends; creating a meaningful role for McCormick. In a category dominated by functionality, McCormick needed to shift from being a functional kitchen tool to an inspiring creative cooking partner that becomes an essential in every kitchen and every meal.

BEFORE



AFTER





# EXECUTIVE SUMMARY

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## RESULTS OVERVIEW

### CORE

In the core segment we managed to grow jars by 2.8% in value, increasing our share of jars by 0.1ppts to 32.6% value share (source IRI UK 25<sup>th</sup> May 2019). We also grew penetration of jars by 1.2pts overall to 25% in the UK market.

### INNOVATION

The launch of new innovation enabled reach to 325k new households and 90% of these households were incremental to the brand and won Product of the Year in 2019, within the seasonings category.



# CASE STUDY OVERVIEW



## BACKGROUND

The McCormick herbs and spices ranges which are known in Europe by a variety of names (Ducros, Schwartz, Margao, Silvo, McCormick) are well-known and established staples of the average home. But a staple was probably all they had become - an automatic choice and easily substitutable functional tool in consumers' lives.

Despite being one of the largest players in the category, the brand was losing share to own label and smaller players across Europe.

'REDACTED CONFIDENTIAL DATA'

This market share decline was resulting in an overall and significant CAGR decline of 2% in a category worth just under \$2bn.

The business needed to grow value share, re-gain loyalty against own label and reverse a penetration decline by targeting new audiences.

## BUSINESS OBJECTIVES

- Grow value share for McCormick brands across EMEA
- Justify price premium to re-gain loyalty on Schwartz and Ducros against own label
- Enable innovation to target new audience groups to reverse penetration decline



# CASE STUDY OVERVIEW

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## CATEGORY CONTEXT

The herbs and spices category has been experiencing around 2% value growth since 2016.

At the same time, cultural interest in food has sky rocketed. We live in a more food-obsessed culture than we ever have; we are no longer satisfied with simple meals and we are constantly exposed to incredible cooking and food-related experiences. This can be seen through our ever-growing obsessions with food in our offline and online worlds; with the street food market increasing by 9.1% 2017-2018, and the fact that in October 2019, the 'food porn' hashtag has over 211m posts on Instagram. Furthermore, 13% of UK home cooks say social media has revolutionised how they cook daily and made them more adventurous chefs.

And, we can see that obsession filtering through into people's homes. There is an ever-growing enjoyment and passion for cooking meals from scratch; UK cooks

claim that 52% & French cooks claim 75% of meals have been cooked from scratch.

However, even with a growing category and interest in food and cooking from scratch, growing McCormick, who should have been well-placed as leading experts in flavour, were declining and failing to capitalise on this trend.

But, although interest in cooking from scratch was growing, there were some demographics, notably pre-families, who the brand were struggling to find relevancy with. According to the Co-op's independent study of 4,000 participants, one in four millennials are not interested in learning how to cook, while 28% of those who can't cook claim they "don't see why they should learn". And, according to the Good Food survey, while a third of the population cooks from scratch every day, only 17 per cent of 16 to 24 year olds do so. This was a huge opportunity for the brand to drive penetration that they simply weren't capitalising on.



# CASE STUDY OVERVIEW

## THE CHALLENGE TO CREATE A MEANINGFUL ROLE FOR TWO DISTINCT AUDIENCES

In order to re-gain loyalty from private label and gain market growth, we needed to find a way to improve the brand's value perception by giving it a more meaningful role in the lives of those wanting to cook.

At the same time, we needed to ensure that the identity and positioning were broad enough to allow for innovation that could give the brand a role to play with the pre-family audience who either lacked the confidence or skills to cook – but who still demanded exciting flavours in their meals.

## SCOPE OF WORK

1,500 SKUs across 7 x markets including:

- Brand strategy
- Brand architecture
- Portfolio strategy
- Structure (in collaboration with leading structural agency)
- Design strategy
- Roll out across different formats and markets
- Innovation (UK and France)





# CASE STUDY OVERVIEW



## SOLUTION

McCormick's key design challenge was to stop it being perceived functionally. The functional perception was what was driving its loss of share to private label as the brand had become easily substitutable. We needed to find a way to be emotionally relevant to people in the kitchen.

"Schwartz was viewed as a functional brand that adds expert flavour to food, strengthening relevance with consumer is a big opportunity".

**HALL & PARTNERS BRAND HEALTH  
OVERVIEW 2016 RESEARCH**

Our new idea for McCormick, expressed as 'blending expertise', gave the brand a role to play in the kitchen. No longer was it just about quality of ingredients, it was about what you could do with them. This idea placed the brand within the space that consumers actually wanted them to be in.

In order to bring this idea to life we created a new identity for the brand that could be applied across all markets. The identity portrayed an ellipse of blending that both signified the brands' expertise and the dynamism of the cooking experience.

The existing portfolio had a consistent design strategy, which enabled cohesion across all products. However, this restricted the ability to have differentiated ranges or expansion beyond the core. To address this, the ellipse was able to shift depending on the different ranges. This also meant that the range as a whole felt more dynamic and exciting on shelf.



# CASE STUDY OVERVIEW

Through the development, we also partnered with Business 2 to create a new and modern 3D structure that heroes the McCormick ingredients and fixed the issue of not being able to fit a teaspoon into jars, 41% of consumers found it frustrating that a spoon couldn't fit inside the current packaging – an essential for cooks! We introduced PSL labels, a first for McCormick, that helped to communicate the honesty and transparency of McCormick ingredients, their origins and flavour profiles.

The new brand idea of 'blending expertise' was also the key to unlock penetration with an audience that lacks some of the skills to cook from scratch. Once the brand were able to move beyond a fixation with ingredients and consider the end-point of the cooking experience, a whole world of innovation was unlocked.

The first such innovation was a range of Street Food seasonings that tapped into the ever-growing street food trend. We designed a smaller sized sachet, utilised our ellipse of blending expertise in a flexible way and combined it with bold, iconic colours and illustrations that reflect the origins of the street food markets. The product simplified the cooking experience, but the branding allowed the audience to be excited by the possibilities of what they would be able to create.

## KEY FACTS

- JUNE 2018 (NEW INNOVATION)
- AUGUST 2018 (CURRENT HERBS, SPICES & SEASONINGS), PHASED ROLL OUT BEFORE RANGE WAS FULLY LAUNCHED ON SHELF
- DESIGN FEES: £900K (ENTIRE PROJECT, INCLUDING ROLL OUT OF 1,500 SKUS ACROSS 7 X MARKETS)





# RESULTS

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## FROM DECLINE TO GROWTH

As a result of the re-design the brand was able to reach new consumers and drive growth of their core jar ranges. By reversing the penetration decline, the re-design exceeded McCormick's ambitions to stabilise the 3-year decline and, instead, take the brand to healthy growth since launch.

## OBJECTIVE 1 - VALUE GROWTH FOR MCCORMICK BRANDS

In the core segment we managed to **grow jars by 2.8% in value, increasing our share of jars by 0.1ppts to 32.6%.**

## OBJECTIVE 2 - SHIFT PERCEPTIONS OF THE BRAND & DRIVE PENETRATION

Following the re-design, an mmr re-design validation report (2019) was conducted which demonstrated the **key role that the design had in shifting perceptions and therefore allowing the brand to re-gain loyalty and subsequently reverse the decline.** In the UK the new packs have potential to push the brand to a more modern, contemporary, fun and bold territory - less traditional and old-fashioned - whilst also enhancing the majority of other key brand equities.

- In the UK the new packs **drive very positive perceptions of top quality, trusted products** that are fresh, natural and full of flavour
- In France the new packs also **drive perceptions of top quality, trusted products** that are fresh and full of flavour and also exciting and premium
- The new herbs and spices designs are liked significantly more than current pack designs and key competitors, Sainsbury's and Tesco, **driving a directional increase in purchase intent and increase in value perceptions**

## OBJECTIVE 3 - ENABLE INNOVATION & DRIVE PENETRATION

The new Street Food innovation succeeded in its ambitions of driving penetration with pre-families, an audience where Schwartz have historically under-traded (133 index vs core Schwartz). There were **325k households buying into the new range, of which 90% were incremental to Schwartz.**

More broadly, Street Food seasonings is driving **26% incremental value** to the seasonings category.

They won **Product of the Year** from the Consumer Survey of Product Innovation for the 2019 seasonings category.

## OTHER INFLUENCING FACTORS

Growth in sales was achieved with similar media spend, distribution and price promotions year on year.

## DATA SOURCES

- PUZZLE SEGMENTATION 2018 AND NEED STATES 2018 - MCCORMICK INTERNAL DATA
- THE GROCER CONSUMER TRENDS 2019
- INSTAGRAM 2019
- KANTAR WORLD PANEL
- IRI UK 2016-2019
- HALL & PARTNERS BRAND HEALTH OVERVIEW 2016 RESEARCH
- MCCORMICK INTERNAL SHOPPER DATA