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SKYR

ICELANDIC STYLE YOGURT

SHARPER FLAVOUR
FROM THE LAND OF
CONTRASTS

FOR PUBLICATION

CATEGORY
Food Producers

CLIENT
Arla Foods

DESIGN CONSULTANCY
Elmwood

DATE
June 2016

EXECUTIVE SUMMARY

Arla had the ambition of breaking into the third largest dairy category, yogurt – a category characterised by a huge range of competing power brands.

The challenge was how to break through in a commoditised market, justify a place in the retailers' ranges and convince consumers to make a place for it in their shopping repertoire.

The answer was to launch a game-changing brand with a distinct proposition. Arla skyr's ground-breaking design challenged category norms and assumptions, while lifting the lid on the truth about yogurt. From the farmers to retailers to consumers, Arla skyr has positively impacted everyone involved. Most importantly, it has won the battle at shelf and crucially influenced consumers in the last six feet to purchase.

In fact, it's proved so popular, production is struggling to keep up with demand – a nice problem to have.

Word count (138 words)

ARLA SKYR HAS BECOME AN INNOVATIVE PRESENCE IN A CROWDED MARKET

+10%
EXCEEDING YEAR 1
RSV TARGET

8.3%
PENETRATION
MORE THAN DOUBLING THEIR
ORIGINAL 3% TARGET

£12.2M

BRAND IN 13 MONTHS

£21M

BRAND IN ONLY 20 MONTHS
(BASED ON ARLA RSV FORECAST 2016)



WINNER
YOGURT CATEGORY, SURVEY
OF 11,586 PEOPLE BY TNS

MOBIUS®



PROJECT OVERVIEW

OUTLINE OF BRIEF

Arla had no products present in the third largest dairy category, (yogurt), yet Arla hopes to become a UK household brand worth £500m by 2020 by strategically growing existing, and entering new, categories. By setting this objective and their sights on becoming 'the champion of dairy' and one of the UK's top 10 food brands by 2020, Arla needed to bring something new to the kitchen table.

Yogurt is a commoditised, over crowded, difficult to shop category. With a strategic objective of establishing a new presence in a highly competitive market, it was important Arla created more than just another 'me too' product. They needed to launch a stand out, category-adding brand.

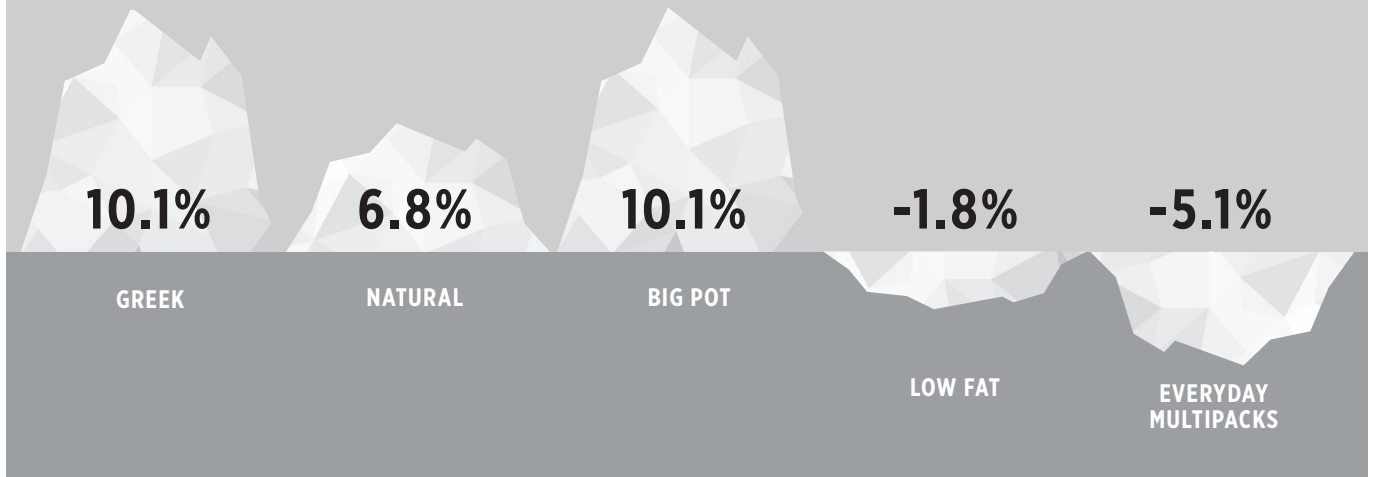
Given the company's Scandinavian heritage, Arla skyr was the perfect product to bring Arla into the yogurt category. With a clearly defined target market, Arla was looking for 3% penetration for year one, with a target of £9.4m retail sales value (RSV).

It would be a challenge introducing a new brand into a highly commoditised market, with a modest above the line advertising budget. The brand and packaging needed to cut through, on many levels and it needed to justify a place in the retailers crowded range portfolio, which is not an easy task. It needed to stand out from the crowded shelves and influence the consumer at the last 6 feet to purchase. Engaging and enlightening consumers with the product's story and nutritional credentials.

KEY OBJECTIVES:

1. ESTABLISH A PRESENCE IN THE YOGURT CATEGORY
2. 12% AIDED AWARENESS OF ARLA SKYR
3. 3% PENETRATION
4. £9.4M RSV TARGET

CHANGES IN THE MARKET



PROJECT OVERVIEW

DESCRIPTION

Arla Foods is a global dairy company and cooperative with strong ties to Scandinavia; an affiliation that led to their decision to launch skyr, an Icelandic style of yogurt, into the market.

Arla skyr can boast unique nutritional credentials. It uses 50% more milk than any other type of yogurt, is naturally low in sugar, fat free, high in protein and is a source of natural sustained energy. Around 3 litres of skimmed milk goes into 1 litre of Arla skyr. The milk is meticulously strained to create a delicious, thick and filling yogurt. Arla produces skyr in two sizes and a range of flavours.

MAIN COMPETITORS



Product launch date: April 2015

Size of design budget and production costs:
£57k + £7k for watercolour illustrations

OVERVIEW OF THE MARKET

Yogurt is the UK's third largest dairy category, and has an above average growth of 4.3%. The increasing popularity, and 98% of the category's growth, has largely been driven by Greek, or 'Greek style' yogurts. Often perceived as the healthiest, they have a 62% penetration and are a popular choice for breakfast.

Despite overall growth, there's disparity within sub segments of the yogurt market. Greek, big pots and natural yogurt are all seeing YoY volume growth, whilst low fat yogurts and every day multi-packs have declined in volume - see 'Changes in the market' chart above (source: Neilson Scantrack).

At 9.3 kg per capita, yogurt consumption in the UK is relatively low when compared to the 30 kg per capita consumed in France or Germany (source: Kantar). It's a highly commoditised product that features heavy promotional activity.

Various trends, alongside diet, health and fitness concerns, have made yogurt a confusing and difficult category to shop. Many consumers have been misled and kept uninformed about the nutritional issues surrounding different types of yogurt. They are unaware that products claiming to be 'fat-free', contain a high or artificial sugar content, while reduced sugar products typically have a high fat content.

With a primary and secondary target audience of health conscious individuals aged 55 and over, and busy young professionals, the launch of Arla's skyr was an opportunity to empower and inform a range of consumers, by being transparent and drawing attention to the nutritional benefits of skyr.

Word count (594 words)

OUTLINE OF DESIGN SOLUTION

There was an obvious gap in the market for a filling product without the high level of fat or sugar you find in a standard fruited yogurt. Our in-store observations had revealed that existing yogurt fixtures caused confusion and visual agitation. Shelves were littered with visually complex products, containing an array of semi-scientific graphics and depictions of fruit that left consumers feeling bewildered. Given the visual chaos, it was important to create a brand that had a clear and distinct point of view, highlighted Arla skyr's superior nutritional credentials, and did more than just try to shout louder than other products.

80% of purchases are influenced in store. In order to drive trial, specifically the design needed to win consumers over in the last six feet to purchase and point of sale. To achieve this, we drew on groundbreaking design principles called Biomotive Triggers,[®] sensory cues that appeal to the subconscious, generate emotion and prompt instinctive reactions in consumers.



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Biomotive Triggers[®] 

Biomotive Triggers[®] are radical sensory marketing techniques, developed by Elmwood in collaboration with Bradford University School of Management.



OUTLINE OF DESIGN SOLUTION CONTINUED

In every day life, we rarely experience moments of visual or auditory calm, and so, when they do occur, we gravitate towards them. To create cut through, we strategically challenged the category's norms and marketing assumptions, choosing a simple, calm design with a clear visual hierarchy to create the contrast to make Arla skyr stand out on shelf.

We wanted consumers to instantly feel that Arla skyr was something new, exciting, and Nordic, and took inspiration from the alluring geography of skyr's homeland. Just like Iceland, there is more to Arla skyr than first meets the eye.

Underneath the calm, peaceful exterior is a country bursting with idiosyncratic beauty; a land of vibrant colours and energy. And it's no different for Arla skyr: Under its pure, innocent surface lies a surprising world of refreshing textures and flavours, packed with delicious goodness and health benefits.

The iceberg within the design is a clear central point of visual orientation and its sharp cusp shapes visually disrupt and focus the eyes' attention on the brand. It represents the pure yet satisfyingly thick and silky yogurt, whilst the watercolour illustration under the surface bursts with flavour and energy, creating a visual difference from the category norms of large rendered fruit on spoons.

Print finishes are fresh and cold to evoke the sense of its Nordic origins. The use of cool silvers and metallic inks and varnishes ensure a premium feel and aid stand out in a category that is punctuated by vibrant primary colours.

Word count (427 words)





SUMMARY OF RESULTS

Arla skyr has surpassed all expectations. The yogurt's design has ensured cut through at the point of sale, influencing that critical last six feet to purchase.

It has engaged consumers with the product's story, premium quality and taste to the extent that production is struggling to keep up with demand. In other words, we achieved our objectives with a cherry on top.

1. ESTABLISHED A PRESENCE IN THE YOGURT CATEGORY

GAINED LISTINGS IN THE BIG 4 AND BEYOND

Arla skyr has overcome its biggest hurdle to justify a place in retailers' highly competitive and complex range portfolios. Arla skyr was launched in Asda in April 2015, and was quickly followed by Tesco, Sainsbury's, Morrisons and Waitrose. Arla has now become the 12th largest supplier of yogurt in the UK, surpassing the likes of The Collective Dairy.

CONTRIBUTING TO CATEGORY GROWTH

For a new product in the market, Arla skyr has had success beyond the trade, with consumers welcoming the brand into their product repertoire. According to Nielsen, some 70% of Arla skyr sales are adding incremental value to the yogurt category.

Total Yogurt & Fromage Frais AWP (average weight of purchase) is currently 27.2kg per buyer and has grown by 0.7% in YE 28 Feb 2016. This growth has come from shoppers buying more often. That means that consumers are either re-entering the category or adding to their yogurt repertoire, clearly growing the frequency of yogurt consumption through increased relevancy and/or occasions.

£21M

BRAND IN ONLY 20 MONTHS
(BASED ON ARLA RSV FORECAST 2016)

70%

OF ARLA SKYR SALES ARE
ADDING INCREMENTAL
VALUE TO THE YOGURT
CATEGORY

WON AWARDS IN THE DAIRY CATEGORY



WINNER
YOGURT CATEGORY, SURVEY
OF 11,586 PEOPLE BY TNS

Skyr was the top launch in dairy, according to The Grocer's 2015 Top Products Survey and in the world's largest consumer-voted awards for product innovation, Arla skyr won Product of the Year 2016 in the yogurt category.



SUMMARY OF RESULTS CONTINUED

2. AIDED AWARENESS TARGET OF 12%

Aided awareness is extremely strong for Arla skyr at 45% (source: Millward Brown).

Raising awareness was predominantly the role of advertising, but the creative was fundamentally based on the brand positioning and brand story. The stand out created by the design (using Biomotive Triggers®) at the crucial shelf fixture was key in turning awareness into purchase.



3. PENETRATION TARGET of 3%

Arla skyr has more than doubled its target penetration, having reached 8.3% penetration as of May 2016 (source: Kantar).

This has been through appealing to a broader range of consumers. At launch the core consumer target was Health Controllers Females 55yr+, and this worked really well. But the brand's positioning had a much bigger effect than anticipated and actually appealed to a broader target audience - Health Aspirers 25-45yrs female, who like the healthy proactive satiety - don't wait until the hunger strikes!





SUMMARY OF RESULTS CONTINUED

4

TO DRIVE
RSV £9.4M

Arla skyr smashed its target by 10%, with £10.3m RSV in the UK, which represents 1.5% of all of Arla's branded value sales within dairy (Nielsen). And in just over its first year, it became a £12.2 million brand.

New branded products such as Arla skyr helped to drive volume growth of 5.2% for 2015 (Nielsen, 2016), and increase overall Arla revenue in the UK from €2.8bn (£2.2bn) in 2014 to €2.9bn (£2.3bn) in 2015. Whilst not directly responsible for Arla UK's success, the strategy that the launch of Arla skyr is part of, has helped to position the business in the right way for growth.

“With market shares gained in most of our markets, a much more profitable mix of products and more efficient operations, the Arla of today is an even more solid business than when we entered 2015.”

Peder Tuborgh, CEO

£12.2M

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+10%

EXCEEDING YEAR 1 RSV TARGET

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SUMMARY OF RESULTS CONTINUED

THE CHERRY ON TOP

The project won a lot of kudos for our client and Elmwood within Arla both in the UK and Denmark.

PLANS TO EXPAND

Within 10 months, Arla skyr has extended into drinking yogurts, which are already available in Denmark and will be launching in the Netherlands and Germany in early 2017.

“In a market filled with fierce competition we needed a packaging design that would pull the Arla skyr range out from the crowds. The design does just that. It oozes quality, individuality and pure freshness – exactly what we wanted.”

Louise Hagger, Brand Manager,
Arla Foods Yogurts

AWARDS

Product of the Year
Award 2016
Top Yogurt

The Grocer New
Product Awards 2015
Top dairy launch

Pentawards 2015
Bronze

Mobius Awards 2016
Certificate of
Outstanding Creativity

FAB Awards 2016
Silver

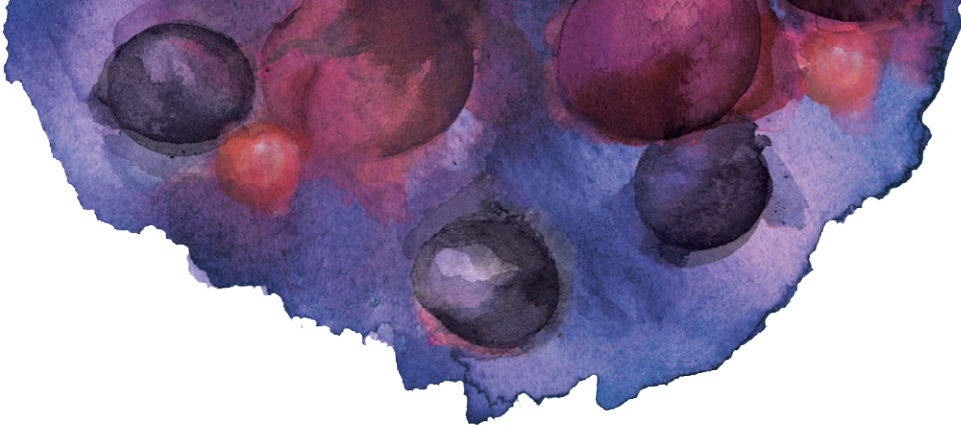


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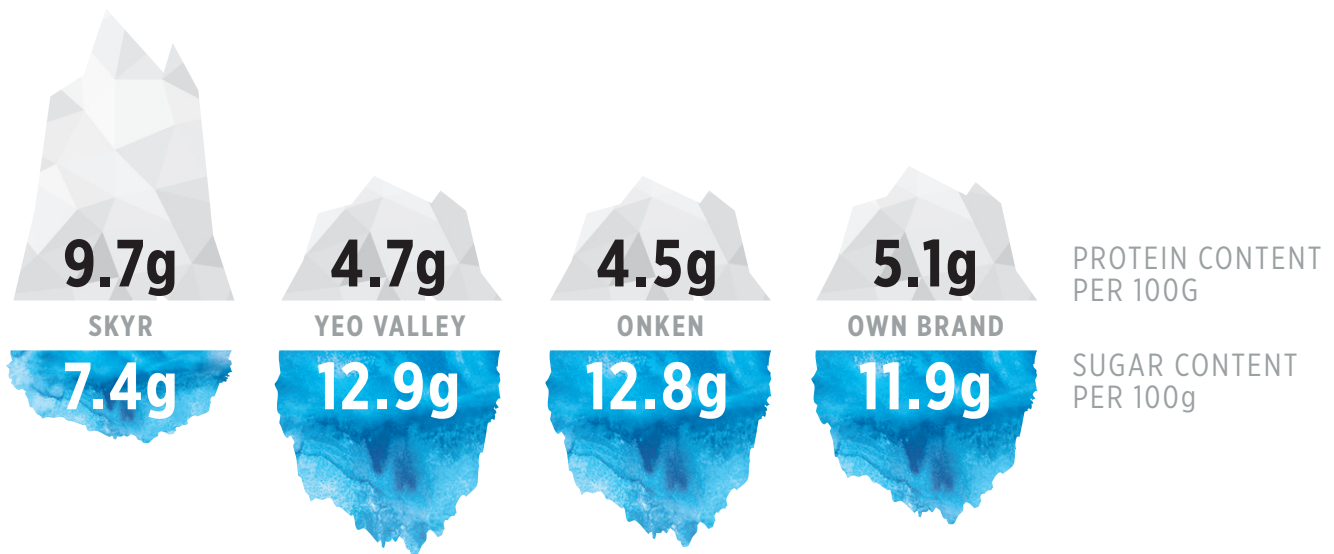




SUMMARY OF RESULTS CONTINUED

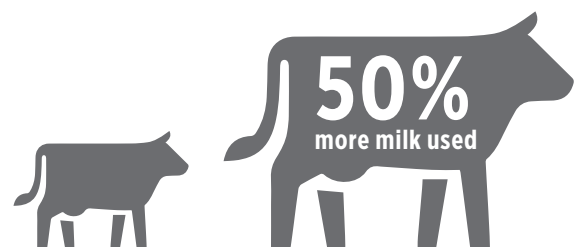
ENCOURAGING THE NATION TO BE HEALTHIER

Not only is this a positive result for Arla skyr, but it is encouraging the nation to eat more healthily, with its 3 USP's of fat free, reduced sugar and high in protein. It has considerably less sugar than its competitors and approximately double the amount of protein too.



DOING THE RIGHT THING FOR FARMERS

Last but not least, it's great news for Arla farmers who can see more of their milk being utilised in a product that has proved to actually add value in its category. It uses 50% more milk than any other yogurt type to produce, and this supports Arla's mission 'to secure the highest value for its farmers' milk, while creating opportunities for their growth.'



GOOD NEWS FOR DAIRY FARMERS

OTHER INFLUENCING FACTORS

WAS IT THE ADVERTISING?

Arla skyr's competition, such as Muller, have big ATL spends, meaning we needed to get creative in how we could create cut through. To raise awareness of a new product, Arla launched adverts in April 2015. Set in Iceland in 1969, the advert told the story of a 10 year old messenger boy, Orri Siggurdson, who eats Arla skyr to give him the energy to deliver all his messages, whatever the weather or distance.

The advertising ran for only four months, with another burst later in the year, and contributed to 20% of Arla skyr's sales in 2015 (Source: Ebiquity). While the advert was successful in raising awareness, the product's design was responsible for the conversion of sales. 80% of decisions are made in-store, and Arla skyr's stand out design encouraged shoppers to buy on impulse and ignore the competition.

WAS IT THE PRICE PROMOTIONS?

As highly commoditised products, yogurts can consistently be found on promotion in all retailers. All of Arla's promotional activity was in line with the rest of the market. Arla has found that whilst consumers may choose Arla skyr on promotion, once they've tried it they convert to regular purchase at full price.

IS IT THE SOMETHING NEW EFFECT?

The high level of repeat purchases proves that skyr's success isn't down to it being the new yogurt on the block. In the past year alone the yogurt market has grown 0.7%, while Arla's production line can't keep up with its demand, which is a nice problem to have.

IS IT ABOUT REDUCED SUGAR?

While being 'reduced sugar' is one of the features that makes Arla skyr a great product, it isn't the priority of the product's messaging. Arla skyr's primary message is 'healthy, but tastes good'.

It is still relatively unknown among consumers that most low fat products contain high levels of sugar. When awareness of this grows, we expect sales of Arla skyr to be positively affected as more consumers search out products that are both low in fat and sugar.

As confirmed by Datamonitor's Global Survey in Q2 of 2015, the categories most impacted by the current 'war on sugar', are bread and bakery, confectionary and chocolate, carbonated drinks, juices and smoothies.

RESEARCH RESOURCES

Datamonitor Consumer's Q2 Global Survey 2015 – quoted in Datamonitor Consumer – Opportunities for Sweeteners: Responding to the Sugar Backlash, August 2015.

Kantar – in The Grocer, 18 Feb 2016

Nielsen Scantrack data provided by client

Nielsen, Feb 2016 in 'Arla faces 'authentic' Icelandic rival to skyr' by Kevin White (The Grocer, 18 Feb 2016)

Millward Brown, Nielsen & Ebiquity data provided by client.

Arla's Annual Report & Accounts 2015

