



# Nestlé

## The Power of Love

On the 7th December 1992, 30 million viewers watched episode 12 of the **Nescafé** Gold Blend saga in which the hero Tony told Sharon - "I love you!" This was one of the high points of perhaps the most successful advertising campaign in this country in recent years. The success of the campaign rested on the fact that advertising had become drama and that the audience had become hooked on the storyline. More importantly, the audience was able to identify the advertising with the product and increases in sales could be clearly related to the campaign - for example, within a year of the romance going on air in November 1987, sales had risen by 12% and over the next few years, **Nescafé** Gold Blend was able to grow its sales volume by 60%, creating a £100 million brand by 1996.

This case study charts the success of the Gold Blend television saga in achieving the marketing aim of making the product accessible to the majority of coffee buyers. The case study then goes on to show how the packaging of Gold Blend and the product itself have both been improved to add to its enviable market success of today.

### There are two parts to the television success story:

The first part started in November 1987 and involved the development of an extraordinarily successful campaign.

The second part started in November 1993 and shows how the success was broadened to attract a younger target audience.

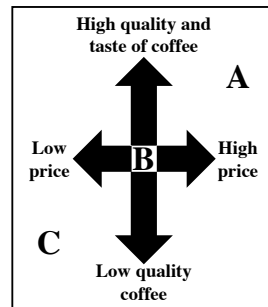
It shows how Nestlé understood the nature of the highly segmented coffee market and was able to broaden the appeal of the brand to fresh segments of that market at the right time.



### Strengthening the position of Gold Blend

Positioning is a key aspect of marketing. The position of a product is the way it is perceived by consumers in terms of the key features they want to get out of the product i.e. those aspects which they see as giving value for money.

For example, in purchasing instant coffee, consumers may weigh up value for money in terms of price, the quality and taste of the coffee. We could represent these dimensions on a grid as follows:



An individual business producing coffee needs to decide where it will position itself in the market, for example it could choose position:

- **A** - high price combined with high quality and taste of coffee - an "up market" position.
- **B** - middling price combined with middling quality and taste of coffee - a "mid market" position. Or,
- **C** - relatively cheap price combined with low quality and taste of coffee - a "down market" position.

Organisations identify a range of segments in the markets in which they operate e.g. a younger audience of drinkers who may be trying out coffee for the first time, people who, because of the long-hours they work, need coffee to "pep them up" at regular intervals during the working day, older more sophisticated drinkers at dinner parties etc. It is important to have a good understanding of these segments and how your product can meet the needs of different segments in the overall market.

Organisations must choose a sector of a particular market in which they want to compete. The sector chosen will depend on: the ability of the producer to make quality products, the extent of competition in different market segments, chances of making profits in different segments and so on. There are dangers in any chosen segment. If you locate your product "up market," there may not be sufficient demand for the product. If you locate mid-market, there may be a lot of competition and it may be difficult to differentiate your product from the competition. Down market you can only sell at low prices and your product may be seen as being inferior.

### Appealing to a larger audience

The **Nescafé** Gold Blend story, which we focus on in this case, shows how Nestlé made sure the product was positioned to meet the needs of the most appropriate audience for the product.

In the late 1980s, Nestlé briefed the advertising agency McCann-Erickson to produce creative new ideas to ensure that the product appealed to a wider audience. Advertising agencies provide the expertise needed by organisations when communicating their products.

Gold Blend was launched by Nestlé in the mid sixties. It used the new freeze dried technology to provide a smoother, richer taste and was sold at a price premium to Nescafé of around 25%. It reached a peak brand share of 7.8% in 1969, but thereafter drifted away slightly until the mid 1980s when the share was around 6.5%.

Up to 1987, advertising had concentrated on the product itself using the mnemonic of a gold blend to suggest product superiority - "Nothing is as good as gold...Gold Blend".

The problem was that, although **Nescafé** Gold Blend performed well as a product and was seen as upmarket and high quality, it was not accessible for the bulk of coffee buyers. The product message was only interesting to a minority of upmarket coffee drinkers. The brand's appeal was therefore limited.

However, given the broad acceptability of the product, McCann-Erickson believed that a great opportunity existed. For many people in this country, coffee drinking has become an accepted and regular part of life. Coffee is also seen as something of a luxury - people don't want to drink just any coffee, they want to drink the sort of coffee that makes them feel good about themselves. During the 1980s and



1990s, rising living standards have meant that increasing numbers of consumers are willing to spend more on their purchases. It was therefore decided to create advertising which, through its popular appeal, would make the brand more accessible to the mass market while still maintaining its quality, upmarket image and premium positioning.



### Creating a more emotional approach

It was decided that the advertising should increase the customer's involvement more with the product by creating a more emotional campaign.

The targeted result of the advertising campaign was:

"Gold Blend would be the coffee you drink to demonstrate your sophistication".

The adverts therefore created a sophisticated world into which the consumer would become involved. Gold Blend would become a powerful brand to which anyone could relate.

The brand would continue to be

positioned in the same area of the market i.e. high quality, premium price etc, but it was to be a position to which an increasing number of consumers would aspire.

### The creative insight - the original "Power of Love" story

The task set for the creative team was to produce a campaign that was talked about as much as TV programmes. The team came up with the novel idea of producing a sequence or series of adverts with an interesting storyline.

At the time television viewers in the UK showed an avid interest in a number of upmarket "soaps," such as Dallas and Dynasty. There was also another important upmarket series called Moonlighting which featured two highly competitive stars who were clearly "meant for each other." However, something always conspired to keep them apart. It was a sophisticated romance with a theme that appealed immensely to the women who were to be the target of the Gold Blend series. The "sophisticated romance" became the campaign theme and featured two central characters, Tony and Sharon, who were not only attracted to each other, but also shared a common appreciation of the finer things in life, including **Nescafé** Gold Blend.

The other original element was that each episode ended with a cliff-hanger, leaving the viewer wanting to know what happened next. Just as TV companies advertise future episodes with trailers and press advertisements, this campaign was to be conducted in the same way. In the days before the second episode, small black and white press ads appeared in the TV listings pages, therefore creating widespread media interest in the popular press.

## The success of the first series

Originally the first series was intended to run for six episodes. Due to its success, it ran for 12 episodes over five and a half years. There was a series of spin-offs based on the advertisements, including a full-length novel about the characters, called *Love Over Gold*, which became a bestseller. The success of the book led to a new tradition for Gold Blend; major promotions based on romantic themes were organised on each subsequent St. Valentine's Day. The *Love Over Gold* compact disc reached number three in the album charts within two weeks of its release in 1993. Even the search for a new Gold Blend girl for the second series of advertisements captured the nation's imagination. The *Sun* newspaper joined in the search and more than 4,000 women applied for the job.

As the story reached its climax, interest was so extreme that employees from both Nestlé and their advertising agency were offered large sums of money to reveal what happened next.

### Summary of the advertising strategy

#### Target

The first series and thus the campaign was to be targeted at:

- Women of any class, who saw themselves as slightly more discerning than the norm, but who were not coffee connoisseurs.
- For the second series, a greater emphasis was put on younger women.

#### Objectives

- To position Gold Blend as an upmarket coffee, in a class of its own, worth every penny, but which anyone could drink.
- To build an emotional bond between the target consumer and the brand, through the shared Gold Blend world of sophistication and romance and hence to broaden the appeal of the brand to new, less overtly upmarket users.

All good stories come to an end and in early 1993 the first series closed with a compilation screening of all eleven episodes and a final commercial to round off the plot.

### Evaluating the success of the campaign

There can be little doubt the advertising strategy had been a success. Nescafé Gold Blend had increased its volume share of the instant coffee market from 6.6% to 9.0% between 1987 and 1993. In the same period, advertising recall (the rate at which consumers could remember the advert and its key messages) had risen from 18% to 36%.

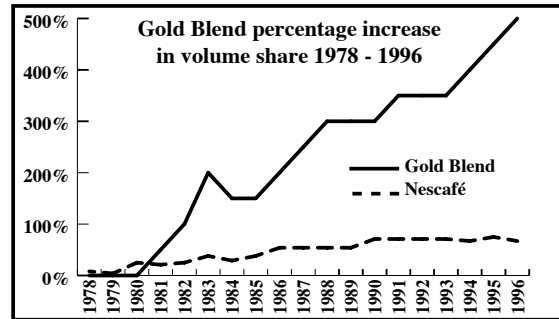
However, the main success of the advert had been with the over 45s. Nestlé felt that in order to secure a higher market penetration it would be necessary to create a new series which was targeted at younger consumers.



### The new storyline

The new storyline once again focused on the "Sophisticated Romance." However, instead of a story of a couple brought together through the coffee, but kept apart by events, it was the classic battle between romance (and Gold Blend) on the one hand and material wealth on the other, represented by two male suitors.

Taking another leaf from the television programme makers' books, the advertising agency ran a trailer ad for the new campaign in the summer of 1993, as the first commercial which was to appear in November, 1993. By early 1996 the second series had run for six episodes and had proved on all key measures - awareness, appeal, involvement, brand awareness, and sales - to be building on the success of the first.



Sales are now over 60% higher in volume terms than before the campaign started, over a period in which there has been no growth in the instant coffee market, as a whole. By 1996, Gold Blend had a 13% share of the overall market, making it the second biggest brand behind Nescafé granules.

Research indicated that the aim of the second series, to promote Gold Blend among a younger target audience, was working. Between 1986 and 1993, market penetration grew by 46% among over 45s but by only 4% among under 45s. Since 1993, the pattern has changed. From 1993 to 1996, penetration grew by 14% among over 45s and 15% among under 45s.

### Improving the product

So far we have concentrated on the way in which advertising enabled Gold Blend to improve its position in the market, while making the lifestyle associated with the product accessible to a much larger target audience of consumers. While this was happening the product itself was not standing still. Today organisations are only able to maintain ongoing success through continuous improvement. Over the period studied, Nestlé implemented a number of key product changes. Gold Blend has always done well in product tests. It regularly outperforms its major competitors in blind product tests. Since 1971 the product has seen a number of improvements; the most recent being an improved in-jar aroma in 1994.

### Improving the packaging

Packaging is an important part of any product. The box, bottle or jar that contains a product can mean the difference between good and poor sales performance. Research into packaging design is thus an essential ingredient of marketing.

As Gold Blend has changed, so too has its packaging:

- 1965** The original Gold Blend jar was curved with fluted sides.
- 1982** Gold Blend was re-launched with the fluted jar being replaced by a smooth-sided jar bearing the first version of the current Gold Blend logo with gold-edged red lettering.
- 1987** The square jar was introduced with metallised labelling.
- 1997** Gold Blend was re-launched with a unique "waisted" jar design which has been protected by trademark.

Recent customer research has revealed that the new design for the jar has created the upmarket image Nescafé Gold Blend seeks to maintain. Typical customer comments are:

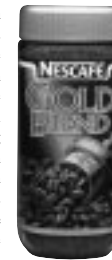
"It's distinctive and unusual."  
 "You expect something luxurious and expensive when you pick it up."  
 "I might even keep the jar afterwards to put things in. It's very attractive!"



### Conclusion

This case study highlights the way in which a top quality product can improve its performance by successful and intelligent marketing. Today, products are closely associated with

lifestyles and as people become better off they can afford more of the "better things" in life. Advertising can play an important role in helping consumers to develop a taste for new and more exotic products. However, if consumers are to become regular purchasers of products like premium quality instant coffee, then it is the responsibility of manufacturers to constantly upgrade products in order to meet ever higher expectations better.



## TASKS & ACTIVITIES

**1** Referring to "The Power of Love" series, David Hudson, the Communications Director of Nestlé UK stated: "It is a campaign I take real pride in. Sometimes people ask me if the amount we spend on advertising is worth it. I tell them to look at the Gold Blend campaign."

Write a short 400 word report using a computer graphics package, explaining to shareholders of the Nestlé organisation why advertising is so important. Use the Nescafé Gold Blend case study to support your arguments.

**2** As the director of the creative team, write a report to the Marketing Director of Gold Blend summarising your plans to promote the brand further among the under 45s. What advertising media would you use? What themes would you develop?

**3** The case study uses a number of business terms. Explain the meaning of the following terms that are used in the case study:

- sales volume
- target audience
- positioning
- up market
- down market
- market segment
- advertising agency
- living standards
- premium positioning
- emotional bond
- advertising recall
- brand
- market penetration
- packaging
- continuous improvement.

**4** Examine the packaging for the new Gold Blend jars. What messages do you think the packaging is trying to communicate? What do you see as being the key strengths of the new designs?

**5** What can other producers of up market products learn from the way in which Nestlé has successfully advertised its product to a wider audience?

**6** For several years the Gold Blend campaign was number 2 in the Adwatch "Best of the Year" campaign. Compile your own top 3 list of advertisements currently being shown on television. Write a 200 word report on each one outlining:

- who you think the target audience is
- the particular features that make the advertisement memorable
- the image created for the product.

**7** Slogans for Gold Blend have included:

- "more of a cup of coffee"
- "perfectly perked"
- "nothing is as good as gold"

What makes a good advertising slogan? Can you devise a new slogan for Gold Blend?

**8** Carry out some research to find out what types of instant coffee your friends and relatives drink. Find out more about the price, taste and quality of these coffees. Then draw a positioning map like the one used in the case study. Position each of the brands that you have identified on the map.

**9** Carry out your own market research to investigate preferences among instant coffee drinkers. Your aim is to find out which of the following most influences consumers' purchasing behaviour:

- taste
- price
- packaging
- advertising
- other factors.

**10** Imagine you were to copy the Gold Blend mini-series approach, including two or three real characters. Choose a product you feel would be appropriate for a mini-series. Sketch out the story-line you would try to establish.