DBA DESIGN EFFECTIVENESS AWARDS 2011

How Bounce Balls reached new heights

CATEGORY

4.0 Packaging

SUB CATEGORY

4.1 Branded Food

CLIENT COMPANY

The Natural Brands Company

DESIGN CONSULTANCY

Biles Inc.

DATE

July 2011

Biles Inc.

Small Agency, Big Difference™

Executive summary 277 words

In 2007, the then newly launched Bounce Balls were criticised in The Grocer, with the Expert Verdict (Category Controller, Nisa-Today) concluding: "The packaging is nondescript and doesn't shout out to the consumer… the products will only appeal to the health-conscious. They are also too expensive… this is a niche product… the company will find it difficult to market this outside of health stores." [1]

Unphased, The Natural Brands Company, owners of the Bounce brand, pressed on, maintaining their price points, packaging and branding, and indeed achieving listings and sales in health food shops.

However, by 2009 Bounce was stuck in a rut. It seemed unable to generate the rapid growth an ambitious young brand needs without looking to change the core product offering. Bounce Balls were loved by those who had bought into them, achieving steady sales from loyal customers, yet they remained invisible to most, and undesirable and over-priced to others. [2]

Biles Inc. was asked by The Natural Brands Company to redesign the packaging to make it more appealing to consumers, to drive sales, and to overcome resistance to listing; leading to new, and a wider variety of listings, and in turn opening the brand up to a wider audience.

One year on and Bounce is now enjoying success in many different categories, opening the brand to a far greater number of consumers. Consumers now understand the benefits, and appreciate the value:

Outperformed the category 48 times over. £444k first year profit with the £12.5k design investment delivering £159k ROI in the first year.

95%

growth year-on-year with no above the line support

MAY 2010 TO MAY 2011
(YEAR FOLLOWING THE LAUNCH OF THE NEW PACKAGING).

---

[1] The Grocer, 10th March 2007 page 69

[2] Straw-Pole Brand Codes & Visual Equity Audit - Biles Inc. November 2009

Project Overview

1. Outline of Project Brief

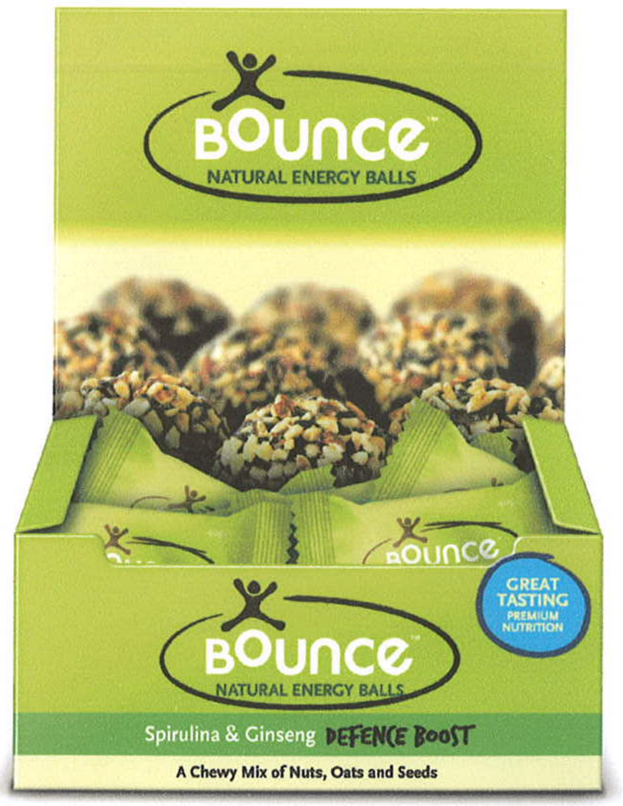
BUSINESS OBJECTIVES:

- Increase unit profit margins.
- Increase volume sales.
- Gain new listings with high street retailers.
- Achieve positioning in higher volume categories (outside of speciality health / technical nutrition).
- Attract new consumers outside of the speciality Health Shop sector.
- Drive new international listings.

DESIGN & MARKETING OBJECTIVES
(THE CHALLENGE):

To use packaging and branding to:

- Drive consumer appeal.
- Present a focused and appropriate consumer proposition (accessible, technical health benefits).
- Capture an appropriate positioning within a range of sub-categories (Health/Cereal Bars, Sports Nutrition, Free From).
- Clearly communicate the USP.
- Clearly communicate product benefits.
- Create shelf standout.
- Add value and better reflect the premium price point.



Project Overview [continued]

2. Description:

Bounce is a young brand at just 5 years old, and is the brainchild of two business partners, Mark Tanous and Andy Hannagan who saw a gap in the market for a natural, high level nutrition food for people on the go. The Natural Brands Company is a UK based business who own and distribute the Bounce brand, employing just three full-time staff, with outsourced manufacturing.

The Natural Brands Company came to us with their existing range of five flavours of Bounce Balls (healthy, high energy balls of nuts and protein, free from bad stuff, full of good stuff). These SKUs were primary packaged in plastic wrappers, and sold exclusively from either shelf ready packaging: boxes (for shelves) and tubs (for more prominent (impulse) positions or from branded POS units).

3. Overview of the Market:

The 'Health Confectionery' and 'Snack Bar' categories are heavily populated and consumers are confused. In a leading London Health Food chain, 68 separate product lines compete side by side for consumers' attention. Most products are lower priced natural health bars (price per gram around 50-60% of Bounce Balls).

Some consumers mistake the lower priced bars as healthy without realising that many are not a great deal better for them than sugar-laden confectionery, with some bars full of cheaper fillers like glucose syrup.

The rate of growth in the healthy market snack bar category is decelerating compoundly by 50% YOY, with growth in 2010 down to just 2%. [3]

4. Project Launch Date: May 2010

5. Size of Design Budget: £12,500

This included
- design
- artwork
- product naming
- a straw-poll brand codes and a visual equity audit with 25 consumers
- competitive price audits of Tesco and Amazon.co.uk

[3] Mintel Data 2010

6. Outline of Design Solution: (499 words)

Straw-poll research carried out by Biles Inc. with 25 consumers reiterated The Grocer's criticisms (see page 2) of the existing packaging. Consumers didn't recognise and value the brand's benefits and proposition. Bounce wasn't seen as premium, and the packaging was seen as technical, medical and lacking in emotional appeal, except to highly knowledgeable technical nutrition consumers. [4]

Therefore, our task was to develop packaging to make Bounce Balls more engaging, and to appeal to a wider audience; to increase perceived worth; and communicate attributes, benefits and the USP more clearly.

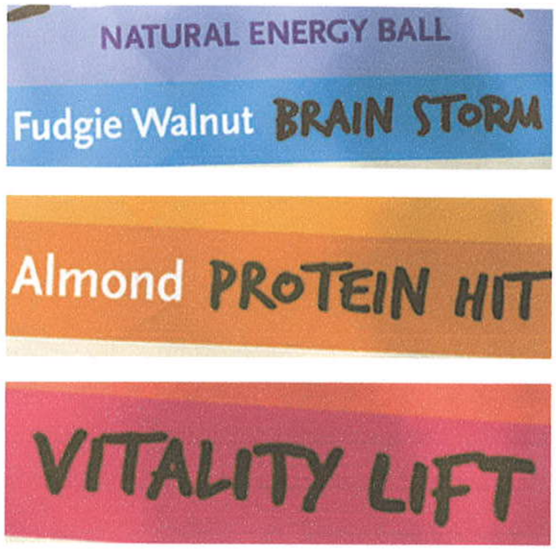
(Reaching out of Technical Nutrition into Health Foods, Sports Nutrition, Free From and Impulse).

Bounce Balls before May 2010 (not our design):

[4] Straw-Pole Brand Codes & Visual Equity Audit - Biles Inc. November 2009

6. Outline of Design Solution: (continued)

We addressed the key issues preventing Bounce from driving greater sales:



GET NOTICED:

Bounce was drowning in a sea of virtuous, earthy greens and browns (a category norm in health food channels), yet the benefits of eating healthily are uplifting. We used BRIGHT COLOURS to create shelf impact, and improve product differentiation (consumers struggled to tell the existing varieties apart). [5]

BE UNDERSTOOD:

We developed the all-encompassing product descriptor 'Natural Energy Balls' to communicate the umbrella proposition immediately. This was supported by a structured information hierarchy to simply explain the function, benefit, format and variant.

Sold exclusively where there is the opportunity to have additional imagery, we introduced clear PRODUCT PHOTOGRAPHY to the Shelf Ready Packaging as an easy way for consumers to understand this novel product. (The previous primary packaging obscured the products as the wrappers were too small to bear an effective window and graphics).

The new photography also provides excellent taste cues.

SHOUT OUT THE BENEFITS

(Don't expect consumers to search them out).

In light of the fact that the level of nutritional benefits is Bounce's USP, we broke a packaging design rule by placing this KEY PACK NUTRITIONAL INFO, USUALLY THE RESERVE OF THE BACK OF PACK, ONTO THE FRONT OF PACK.

---

[5] Straw-Pole Brand Codes & Visual Equity Audit - Biles Inc. November 2009

6. Outline of Design Solution: (continued)

JUSTIFY THE PRICE POINT:

Bounce Balls are the highest priced products in Health Confectionery, and the second most expensive in the Sports Nutrition Bar category (price per gram). [6]

Putting benefits prominently on the front of pack, was pivotal in communicating value.

We created a new brand presentation to support the premium positioning through colour, font, information hierarchy and substrate - moving from a value-based plastic to a MATT FINISH METAL FOIL, which additionally communicates product freshness.

CREATE ACCESSIBILITY:

Building on the existing functional benefits, we created broader emotional appeal by separating the functional specifications into a clearly placed grid, freeing up the rest of the delivery to generate affinity with a wider consumer audience by expressing brand values through a more dynamic graphic style: LOOSE, HAND-DRAWN ILLUSTRATIONS & LETTERING, combine with PLAYFUL PRODUCT DESCRIPTORS to deliver both a functional and emotive benefit-led platform, technical yet friendly; not niche.

Illustration elements interact with the new logo to lightly reflect the product benefits. e.g. energising lines on Almond Protein Hit, humanising the brand and building on a lifestyle proposition.

[6] Tesco and Amazon.co.uk competitive price audits – Biles Inc. October 2009

Summary of Results

95% Growth Year-on-Year to May 2011
Increased average monthly volume from
68,000 BALLS (MAY 2010) TO 133,000 BALLS (MAY 2011).

95%

growth year-on-year with no above the line support

MAY 2010 TO MAY 2011
(YEAR FOLLOWING THE LAUNCH OF THE NEW PACKAGING).

The Natural Brands Company was receiving feedback that the products were too expensive. Bounce Balls were already the most expensive per gram in Healthy Confectionery and second most expensive in Sports Nutrition Bars[7]. Furthermore, the recession continued to impede discretionary spending. Yet TNBC was keen to raise prices following an increase in production and ingredient costs.

Enjoyed a market-wide increase from £1.49 to £1.69 RRP and still sold significantly greater volume.

13%

price increased from £1.49 to £1.69 RRP

GROSS PROFIT: MAY 2010 TO 2011 = £444K (£1.03m sales).

Design Investment: £12.5k. Taking into account the more favourable exchange rate (Bounce buys ingredients from abroad), and also assuming that growth would have continued at the rate it had for 2008-09 and 2009-10 without redesign, Bounce Balls have shown £159k ADDITIONAL PROFIT up to May 2011.

£159k ROI to date

achieved in 12 months

Natural brand, unnatural growth! Cereal and Healthy snack bar growth is a slowing trend. The market grew by 8% in 2008, 4% in 2009 and just 2% in 2010. [8] Bounce Balls outperformed the category 48 times over.

48x

normal market growth

---

[7] Tesco and Amazon.co.uk competitive price audits – Biles Inc. October 2009

[8] Mintel Data 2010

All other numerics shown here are taken from The Natural Brands Company sales data

NO LONGER A NICHE TECHNICAL NUTRITION PRODUCT

At London's market trend setting Planet Organic chain, Bounce achieved:

- 38% market share of sales value (HEALTHY CONFECTIONERY & CEREAL BARS)
- 30% market share sales by volume
- 90% growth YOY to May 2011

– Despite having 50% fewer SKUs than the competition, THE VALUE OF BOUNCE SALES WAS 98.5% HIGHER THAN THE NEXT BEST PERFORMING BRAND.

–The average sales value of each Bounce SKU is now 130% higher than the average sales value of the next best performing product range: £634 per SKU per month (5 Bounce SKUs) versus £275 per SKU per month (10 SKUs).

38%

market share by value at Planet Organic

BASED ON SALES JULY TO DECEMBER 2010

Fastest growing SPORTS NUTRITION product in Holland & Barrett.

After just three weeks of complete sales data, Holland & Barrett stated their desire to increase distribution to a further 200 stores, and have requested listing two additional lines. The balls were supposed to enter Holland & Barrett's "Healthy Confectionery" shelves, however since the redesign, and new brand proposition, managers in the majority of stores chose to place Bounce Balls with Sports Nutrition, in the more aggressive and competitive impulse area next to the tills.

Urgent next day delivery orders from H&B are now frequent.

FASTEST GROWING IN CATEGORY AT HOLLAND & BARRETT

The redesign led to a new sub-category market leadership role with an existing grocery partner: Became market-leader in Waitrose FREE-FROM category.

BECAME MARKET LEADER AT WAITROSE

Stats and facts from Planet Organic, Holland & Barrett and Waitrose sales data respectively.

Other New UK listings achieved since the redesign include:

- GNC
- JULIAN GRAVES
- CRUSSH JUICE BARS

New types of retailers have also emerged, such as café delis like POD.

INTERNATIONALLY, BOUNCE BALLS HAVE ALSO FOUND NEW HOMES (carried in over 1275 new stores overseas):

AUSTRALIA:
Fitness First - Sports Nutrition
Woolworths Supermarket - Sports Nutrition
Caltex Petrol Stations - Impulse

FINLAND:
Kmart Supermarket - Sports Nutrition
Independent Health Food Retailers - Free From

CANADA:
Loblaws Supermarkets

INDIA:
Hyper City Supermarkets

SWEDEN & ICELAND:
Various independents

NORWAY:
Launch November 2011

The growth has allowed the Natural Brands Company the ability to undertake a significant NEW PRODUCT DEVELOPMENT project, and to introduce a RANGE EXTENSION to the existing Bounce Ball range with a new variety due in January 2012. It has also enabled them to employ a FULL-TIME BRAND MANAGER.

ATTRACTING NEW GATE KEEPERS TO OPEN THEIR DOORS

65%

growth forecasted for year two since redesign, again without ATL support

BASED ON EXISTING NEW ORDERS RECEIVED IN THE FIRST TWO MONTHS OF THIS, THE SECOND YEAR SINCE REDESIGN.

SKY'S THE LIMIT

All stats shown here are taken from The Natural Brands Company sales data

An email we received from Andy Hannagan, one the Bounce brand's founders in February 2011:

Feedback — 2011_Q1

Delete Junk Reply Reply All Forward Print To Do

From: Andy Hannagan
Subject: **Feedback**
Date: 10 February 2011 00:18:14 GMT
To: Anthony Biles , Anneliese Hendry ,

Hi guys,

I just thought i would drop you a note with some feedback from what is happening with our products globally. The work that your agency has done with the Bounce Balls has been the biggest step change since starting 5 years ago. The feedback from retailers and customers, has been nothing short of outstanding!!

The Canadian opportunity is absolutely blowing up!! The buyer from the largest retailer Loblaws was sent product from a friend and we are now just signing up the deal which will triple sales for the business internationally. Another example yesterday was our broker showed the product to Wholefoods in Canada, which currently only have 8 stores but a very large well known retail brand in the US. The buyer said oh my god this is beautiful, didn;t even ask the usual questions about pricing margins etc, he simply said this will sell, I want it in the stores!!

You guys have done a remarkable job and the constant admiration we get in our business on a daily basis is a true reflection of the work you have done.

Well done!!

Andy Hannagan

Other Influencing Factors

POS May 2011 after pack redesign.
Like for like units rolled out wearing the new packaging livery.

POS May 2010 before packaging redesign

We achieved all this with:

NO ADVERTISING CAMPAIGN

NO PR CAMPAIGNING

NO PRICE PROMOTIONS

LIKE-FOR-LIKE POS PROMOTION
(POS units were refreshed with the new packaging livery).

All the sales increases have been generated by the impact of the on shelf appearance.

Research Sources

Page 4, 8 – Mintel Data, 2010

Page 7, 8 – Tesco and Amazon.co.uk competitive price audits – Biles Inc. October 2009

Page 2, 5, 6 – Straw-Pole Brand Codes & Visual Equity Audit – Biles Inc. November 2009

Page 8, 9, 10 – Internal Sales Data

Page 9 - Planet Organic, Holland & Barrett, and Waitrose Sales Data