

Introduction



Consumers' buying habits reflect their personality, income, age, lifestyle and aspirations. What people want to buy changes over the years. Many consumers constantly seek out new products that meet their changing needs more closely. This is particularly true whenever consumers pursue the pleasures of food.

To grow their business profitably, companies must constantly review their product portfolio. Marketeers and product developers must use their understanding of consumer behaviour to satisfy changing consumer needs.

This is true even for industrial giants with brands that are

household names. Heinz has a series of icon products that are brand leaders and with which the company is closely associated eg salad cream, baked beans, tomato ketchup. However, Heinz knows that it cannot afford to rely simply on the existing strength of these icon products, so the company has created an innovative culture focused upon consumer needs in order to encourage the development of new ideas.

This case study shows how the popularity of Heinz' core icon products has been maintained and enhanced, by developing aspects of the product or brand, to keep them relevant and satisfying for modern consumers. It also covers innovations introduced by Heinz in order to stay ahead of the competition and bring new consumers to the Heinz brand.

Heinz

Heinz began in the USA, with an American boy, barely one third of a hectare of land, and a horse and cart. Henry J Heinz was an industrious young lad who helped his father in his Pittsburgh brickyard. Grateful for his support, his parents gave him a small garden of his own when he was ten. He soon began to sell the vegetables he grew and by the age of 15 he took the first step into convenience foods. By bottling horseradish in clear glass jars Henry Heinz was clearly different to other manufacturers who bottled their goods in coloured glass jars to hide the cheap fillers used to add to the ingredients. This was the first move to meeting consumers' needs and underpinning Heinz values of offering quality products.

Today, Heinz is one of the world's major global companies operating in some 200 countries, offering more than 5,700 product varieties, with No 1 and No 2 branded businesses in more than 50 world-wide markets.

The product mix

The product mix is the complete range of products produced by a company. When managing a large range of products serving several markets, firms must develop ways of analysing the performance of these products.

Changes in consumer tastes mean that even though products such as Heinz Tomato Ketchup have staying power, there is always a demand for new products. Refreshing existing concepts through innovation extends the way in which products are used and consumed.

Firms need to use their knowledge of their market to:

- identify gaps and trends in existing and new markets
- develop creative ideas.

Gap filling products include innovative product extensions that match changing consumer needs. For example, many companies offer an optional organic product or range which co-exist alongside their mainstream lines.

Heinz products are sold within fast-moving consumer goods markets. Today these markets are characterised by:

- intense competitive activity
- innovative and creative products
- rapidly changing markets reflecting different lifestyle/expectations.



For example, within these markets, many of today's consumers do not want to spend time cooking. They want:

- products that are convenient that can be effortlessly cooked
- a broader range of product options with more choices to meet their needs, tastes and lifestyles
- convenient packaging that enables products to be eaten direct from the microwave
- products that do not create any washing up
- products that can be eaten on the move.

Over and above these generic qualities, many consumers want the reassurance that comes from superior quality associated with a brand heritage. Heinz is well placed to meet this requirement.

New product development

New product development (NPD) is a sequential process of finding ideas for new goods, turning those ideas into commercially viable additions, replacements or extensions to existing product lines. Heinz knows that the innovation process depends on generating a stream of new ideas. These can come from various sources eg from consumer feedback, employees, in-house brainstorming sessions and market research. By encouraging these new ideas, Heinz can also focus on those which meet consumers' needs and are practical for the market place.



Microwaveable packaging

The key functions of any pack are to provide the consumer with a functional concept that protect its contents in transit, storage and use. These requirements play an important part in determining the shape and size of the packaging and also the materials used.

Packaging:

- attracts potential consumers
- communicates information
- creatively identifies and unifies products as part of a range or brand, eg Heinz Tomato Ketchup.

Heinz is accustomed to using new technologies to keep its products in line with changing consumer needs, such as ring pulls on cans or plastic and foil packaging. Consumer buying habits reveal that they want foods that can be cooked conveniently and quickly. Through its microwaveable formats, Heinz is using packaging to add value to its existing product portfolio in a way that has enabled the company to meet a whole new range of consumer requirements. For example:

- Heinz Microwaveable Pasta Meals are the first instant microwaveable pot snack made with real and not dehydrated pasta. Heinz Microwaveable Pasta Meals are aimed particularly at busy working women who are 'on the go' and looking for a satisfying, quick meal that is convenient and healthy. The meals come in four flavours to suit all tastes.
- Heinz Baked Beans have come out of the can and into a microwaveable pot too. Over 90% of people have access to a microwave at work, and the number of households owning microwaves has increased by 50% in the last ten years. Not surprisingly, product development is concentrating on convenience and speed without loss of taste or quality.
- Heinz offers a range of microwaveable soups. The new packaging covers favourites such as Cream of Tomato and Cream of Mushroom. The soups can be heated in two minutes – and eaten directly and conveniently from the microwaveable bowl.
- Heinz Sponge Puddings are also available in a microwaveable format. They provide quality, pleasure and convenience at home and at work, meeting modern consumer needs for quick luxury treats.



Organic products



Heinz recently changed the dynamics of the market for organic foods. When it launched its first organic range of baby food, Heinz addressed the concerns of many parents. The initial range of 12 products heralded the first arrival of a major brand into the organic sector, providing a wider choice of baby food. Heinz has also launched organic versions of some of its icon brands, including Tomato Ketchup, Baked Beans, Spaghetti and Soup. Heinz soups are available in an organic option in response to rising consumer demand; sales of organic soup grew fourfold in twelve months during 2000 and 2001. Two recipes on offer are Heinz Organic Cream of Tomato and Heinz Organic Garden Vegetable.

The company is also introducing organic babyfoods under a new concept: Simply. Heinz Simply Fruit and Vegetable products offer simple blends of organic fruit and organic vegetable purées in transparent plastic pots. They

are aimed principally at mothers who, until now, have been reluctant to buy prepared baby food, preferring to make their own.

New flavours and ranges

Heinz is constantly developing new product ranges, extensions, flavours and varieties to meet changing consumer needs. Heinz has a new range of canned tomato products and has also launched a new condiment sauce collection. These look to expand the existing markets and provide consumers with a familiar brand noted for value and quality.

New partnerships

Successful firms are always looking for creative partnerships that offer benefits to all parties. Heinz recently joined forces with Walkers to create a new and unique flavoured crisp: Heinz Tomato Ketchup flavour. This type of innovation brings together two well-known brands, enabling a food manufacturer like Heinz to extend out of its traditional markets.

New promotions

To serve fast-moving consumer goods markets within an ever-increasing fragmented media environment, firms need to set up a mix of communication routes that have the ability to reach specific target audiences.

For example, as a core icon product Heinz Salad Cream became relevant to a whole new generation of consumers following its relaunch in March 2000. A range of quirky 30-second TV commercials was created in spring 2001 to support Heinz Salad Cream, in which Heinz is depicted as the gold standard in salad creams in a humorous and memorable way – "There is only one salad cream worth tasting and that's Heinz Salad Cream Vintage 1914!".

A new web-site has also been created to complement the brand re-positioning as well as the TV advertisements – thus providing a mix of communication routes, which complement the brand message.



Conclusion

Through new ideas, constant innovation and development of its core icon brands, Heinz is able to stay at the forefront of its markets. By responding to the changing needs of consumers, Heinz has achieved a high level of consumer satisfaction. Heinz continues to enjoy the benefits of:

- high levels of brand awareness and customer loyalty
- an enlarged customer base with a constant demand for products
- high levels of customer confidence, which encourages support of new and existing Heinz products even when faced with new offerings from rival producers.