

THE SITUATION

When Arla Foods, the fifth largest dairy company in the world but a relative newcomer to the U.S. market, launched its fresh-tasting, four-ingredient cream cheese here in 2015, it seemed like a slam dunk. Arla's cream cheese had only four ingredients versus Philly's twelve, won hands down in taste tests and was made without added hormones, artificial flavors or preservatives, traits consumers were clamoring for. But two years after entering the market, household penetration of Arla's cream cheese products had lagged well below sales projections. To make matters more dire, in mid 2017, a few key retailers demanded that Arla double cream cheese sales velocity in order to maintain its current shelf space, or risk being "delisted."

Our marching orders were clear: With an extremely limited budget, we had to find a way to communicate Arla's cream cheese product benefits in a way that would demand people's attention, quickly move product and ultimately increase the bottom line.

Key objectives:

- Double sales and household penetration in one year, as measured by Nielsen.
- Triple product velocity at key retailers in order to maintain distribution.
- Increase awareness of Arla by five points, as measured by brand tracking.
- Increase trial and repeat purchase by getting Arla's better tasting cream cheese into more mouths.

INSIGHTS & ANALYSIS

Philadelphia is by far the U.S. category leader and has been for over 150 years. It's synonymous with the category in the way Band-Aid or Kleenex are. The cream

cheese buyer is on autopilot, not even considering an alternative.

We uncovered something striking in our taste tests. When tasters knew they were sampling Philadelphia vs. Arla cream cheese – when the two packages and brand names were right there in front of them – they almost always chose Philly. However, when we took away the brand and packaging – what's known as a "blind" taste test – people overwhelmingly picked Arla on taste alone.

It was a classic case of brand marketing. Say something long enough, spend enough and people begin to believe it. Even Philly's label has long proclaimed "Consumers prefer the taste of Philadelphia."

We had uncovered our insight: Arla's better-tasting cream cheese is truly an epiphany.

That fact matters greatly in a category driven by taste. So how could we get more consumers to actually experience the taste of Arla?

PLANNING

This new insight made us drastically shift our strategy. Before, we had tried to make a rational appeal to our "Balance Seeker" moms with fact-based messages about Arla's shorter ingredient list and no additives, preservatives or added hormones. Now we knew that playing up Arla's distinct, fresh flavor, while also making sure consumers tasted the product, was key.

We knew we needed a creative way to illustrate a problem that cream cheese lovers didn't even know they had: By choosing Philadelphia, they were settling for a subpar product! We had to start with dramatizing our product benefit in a

disruptive way. This communications strategy would call into question the target consumers' ingrained preference for the Philadelphia brand while introducing Arla as the better – and better-tasting – alternative.

To emphasize Arla's great taste and versatility, we would align Arla with influential food and culinary entities and co-create appealing recipes, content and usage inspiration. It was also key to our strategy to wake up those grocery shoppers that were on autopilot in the cream cheese aisle. Coupons and price promotions had been employed in the past, but hadn't moved the needle in the way that was needed.

Since we knew that tasting Arla was the key to conversion, we had to communicate the epiphany that occurred when people tried it for the first time. Awareness alone wouldn't move the needle. We needed to move people through the purchase funnel quickly and get them to put it in their shopping carts.

A key part of our strategy: Remove the barriers to trying Arla.

EXECUTION

The Unblind Taste Test

The first step in illustrating the Arla taste epiphany was by setting up a taste test in a local grocery store. Shoppers were asked to choose between two cream cheese samples. The catch? No packaging or brand names were shown -- only the ingredient labels of the two products. Hidden cameras captured reactions, from horror at the unrecognizable ingredients in Philadelphia, to the pure delight at the taste of Arla. Our "Unblind Taste Test" video was core to our awareness-driving efforts, and we used smart and scrappy paid media to get the content in front of target consumers.



Then we took our taste test bet even bigger by giving away Arla Cream Cheese for FREE in Q4 2017 and Q1 2018. Product began to move off shelves at a rate that made retailers happy. Thanks to earned media and a ton of social chatter, Arla gave away nearly 2 million free full-size samples of the product.

Influencer engagement

And right in the midst of our giveaway, we were able to take advantage of an opportunistic cultural conversation. In the lead up to Super Bowl LII's showdown between the Eagles and the Patriots, bakeries in Philadelphia started a good-natured food fight by announcing a temporary ban on Boston Cream Pies. Boston-area restaurants countered by removing from menus all things Philly, including cream cheese.



So we seized this “what more could we wish for” moment and quickly enlisted iconic Pats fan Donnie Wahlberg to make funny content urging his fans to have a “Philly-free weekend” and instead swap Arla cream cheese for their Super Bowl dips.

We also partnered with local food influencers in the Northeast who created Super Bowl recipes and drew even more attention to the promotion.



The activities started an authentic conversation that resulted in Arla's highest week's sales...EVER.

Social reviews

With all of the activities that were happening in market, people started talking online and off. Arla quickly became the most reviewed cream cheese on social media, with people proclaiming their love organically.

EVALUATION

Our campaign exceeded our wildest expectations. Arla saw immediate and consistent results.

- 1) Double sales and household penetration in six months, as measured by Nielsen. From a starting point of 1.4%, household penetration of Arla increased 457% to 6.4%, as measured by Nielsen's June 2018 report. That increase translates to over 6 million new households being added in less than 12 months, more than three times our

goal. The week leading up to the Super Bowl saw record sales for the brand, heavily concentrated to the northeast where our Super Bowl stunt was targeted.

- 2) Triple product velocity at key retailers in order to maintain distribution. Velocity, a key metric for retailers, saw massive increases as well. The pre-campaign average was 2-3 packages of cream cheese per store per week. Arla reported that velocity actually soared to 30-40 packages per week in some retailers and settled at an average of 12, exceeding our objective. Branded searches for Arla cheese were up 3,000% vs. pre-campaign.
- 3) Increase awareness of Arla by 8 points, as measured by brand tracking. Millward Brown found that aided brand awareness for Arla increased from 17% in 2016 to 27% in 2017, up 10 points and exceeding our goal. And consideration for the brand also increased, going from 16% in 2016 to 25% in 2017. Considering the HHP and growth of Arla into early 2018, the next brand tracker should be even more impressive.
- 4) Increase trial and repeat purchase by getting Arla's better tasting cream cheese into more mouths. Our current repeat rate growth is the highest in the category, totaling 40.2%, while Philadelphia's decreased 0.6%. Arla has also grown brand loyalty by 10.4% in the last year, while Philadelphia's loyalty decreased by 2.9%. While seemingly against conventional wisdom for a first-time buyer that received the product for free, after trying Arla cream cheese, these new households are coming back to buy more.