

Growing Your Brand— ORGANICALLY



*Expand Your Customer Relationships
(and Increase Sales)
Through Vision-Driven New Product Development*



By Mark Crowell, CRC

Horst Rechelbacher is an organic pioneer and a true believer. He also knows something about growing brands. In 1978, he founded Aveda, the largest natural personal care company in the world. In 1997, when he sold his company to Estée Lauder it was valued at over \$300 million. His newest venture, Intelligent Nutrients, a 100 percent food-based, certified organic personal care brand, may be the only company that develops, manufactures and sells organic products in three separate organic industry segments: food and beverage, cosmetics and supplements. Just over one year old, the company already has more than 200 products on the market.

Rechelbacher's view of how to build a brand is definitive: "Every human being knows exactly what they want when they see it, hear it, feel it, taste it." At first, this may seem simplistic, but this statement acknowledges the power of intuition.

This same intrinsic drive is also at the heart of building a brand. It's that gut feeling entrepreneurs have about what the world needs. That vision is the driving factor in creating something in the first place, and staying true to that vision when looking to grow your organic brand—whether through new product development or other strategies—is the most important thing an organic company can do to ensure success.

That Vision Thing

What motivates so many organic entrepreneurs? The answer isn't in market research. It isn't in figuring out consumers' unmet needs. It's a vision about what can be. The vision becomes the business mission—what the company stands for and how it achieves its goals. Breakout brands don't have a precedent. They have a sort of "if you build it" sensibility.

It's not that visionary brand builders don't listen to the marketplace. On the contrary, they are usually well attuned to popular culture, recent scientific advances and their customers—although they are surprisingly less concerned about what the competition is doing. In a succinct description of what visionaries do, Rechelbacher declares, "I'm in the business to be a 'how to,' not a 'me too.'"

In many ways his iconoclastic vision of making health and beauty products with 100 percent food-based and organic certified ingredients typifies the organic pioneer. Organic purity—no exceptions. He trusts consumers to realize on some level that “anything that goes on the body, goes in the body.” His goal is to ensure that every product he creates has a nutritional benefit because his belief is that every product he makes winds up in the body, whether it is being absorbed through the skin or the stomach.



Just over one year old, Intelligent Nutrients already has more than 200 products on the market.

Given Rechelbacher’s irrepressible creativity, the wealth of products at Intelligent Nutrients is not surprising. After more than 50 years in the beauty business he isn’t bound by product categories or market segments. To bring his vision to life, Rechelbacher has created stores-within-stores at upscale retailers like Barneys and in healthcare facilities like the Henry Ford Hospital in Detroit.

For many organic companies, like Maggie’s Organics, the nation’s oldest organic cotton clothing company, the brand vision encompasses both environmental sustainability and social justice. Bena Burda, Maggie’s president, explains, “In the beginning, we faced the same two problems every apparel company faces, late deliveries and poor quality.” In an effort to solve the problem Burda discovered the social justice part of Maggie’s mission. Eventually the company helped start three worker-owned cooperatives in the United States and Latin America that not only empowered the workers and turned them into business owners themselves, but also gave Burda’s company more control over production and product quality.

Burda likens this to making lemons into lemonade. “It isn’t always easy being limited to what the cooperatives can make, but we only want to do what the co-ops can do,” she says. “That’s what keeps us coming to work every day. It keeps us focused on the big picture.”

Maggie’s story is not entirely unique. Many organic companies discover a critical piece of their business strategy by passing a problem through the lens of ethical beliefs. This is the triple bottom line of people-

planet-profits that distinguishes so many organic companies from their conventional counterparts. This literally is the vision part for most organic companies and, of course, is counter-intuitive to conventional business thinking. Issues solved by taking ethical or moral stands almost always constrain typical business



Bena Burda, founder of Maggie’s, with one of her worker-owned cooperatives

decision-making. Nonetheless, like every organic entrepreneur, Burda intuitively understands that her success is based upon the sum of her own passion and her customers’ emotional connection to the brand.

Brand Growth vs. Business Growth

This emotional connection is key when growing a brand versus just growing a business. A traditional business grows by increasing sales and profit. A brand grows by focusing on building relationships. By your company creating a product and your consumer regularly purchasing that product, there is a shared commitment to your brand. Thus, growing your brand, which builds long-term relationships, will almost always grow your business.

Kevin Williams, principal brand strategist at Pure Branding emphasizes, “It’s not just about what you make and sell; it’s about what you manifest as a brand.” Ultimately strong brands earn customer loyalty because people know and identify with what they stand for. Customers believe in the brand (and the people behind the brand) and trust their products. It’s only in honoring this trust and consumers’ expectations that you can have true brand growth, and the business growth that goes along it.

Organic Brand Growth Challenges in Today’s Market. As an increasing number of social and eco labels flood the market, creating an emotional connection is going to become even more important to organic companies, says

Williams. His concerns are borne out of a 2008 Mintel study that cites four issues (aside from price) that are expected to drag on the growth of organic food and beverage over the next five years:

- Natural and local foods challenge the organic food market, especially in categories in which the benefits of organic are either unclear or easily topped by the price or benefits of other alternatives.
- Consumer confusion between “organic” and “natural” has helped fuel natural products’ stance as one of the biggest challenges to the organic market. Adding to the confusion is the lack of government oversight and a universally acceptable definition for “natural products.”
- The “locavore movement” has increased its efforts to convince consumers that it is better to “eat locally.” The desire to source food from as close to home as possible has posed a challenge to the organic movement.
- The increase in the number of private-label organic products suggests that store brands now offer another competitive challenge to branded organics, offering a lower-priced alternative for money-crunched consumers.

While strong organic brands will weather these challenges, those who fail to make an emotional connection with consumers are in danger of losing momentum amid the confusion.

Brand Growth Strategies

So you have a clear brand vision that is resonating with consumers—now how exactly do you go about growing your brand’s presence in the marketplace? There are two distinct approaches. The first is to intensify the relationship with the current consumer through new products or new experiences. The second approach is

to focus on reaching out to a wider group and making your brand message relevant to more people. There are a number of ways to do this, such as expanding your distribution to more stores or taking your brand to new areas of the country, or the world.

But before trying any of these strategies, first make sure your action will be consistent with your vision and customer expectations. Here are some examples of how successful organic companies have expanded their brand and in doing so have grown their triple bottom line.

New Products.

For brands driven by a strong vision, every new product represents a conscious expansion of the unspoken compact that exists between the company and the consumer. Burda, of Maggie’s Organics, understands that compact intimately.

“We are a basics brand, not a fashion brand,” she says. “Our niche is casual, loose-fitting clothing sold in places that don’t traditionally have fitting rooms, like Whole Foods. We make socks, knit tops, leg warmers, T-shirts—our items are impulse buys that are affordably priced.”

When the idea for a dress-up accessory was proposed, it had to fit Maggie’s brand and market positioning. Moreover, it had to be consistent with Maggie’s mission “of using materials that restore, sustain and enhance the resources, including human resources, from which they are made.” The result was an affordable scarf line called Firelilies (the symbol for resiliency), using water-based inks. The line has

been very popular and fits the company’s brand image, distribution, price point and most importantly...its principles. Every step of the production process, from growing the cotton to the final stitching, is certified fair labor and the cotton is 100 percent organic.

New Geography. Beyond new products, growing a brand can mean expanding into new geographical markets. A company may launch in California and decide it wants to tackle New York because “coastal” consumers have similar attitudes, behaviors, and product preferences. It can be expensive to set up new sales and distribution but astute marketing can create trade and consumer demand that eases the way for new products and new retailers.

And why stop at domestic expansion? Tea producers in Africa knew that the U.S. market would be a great place to grow the brand of their red rooibos tea. So in 1999, Rooibos Ltd., a producer out of Clanwilliams, South Africa, brought in Christie Communications to design a national PR campaign around the taste and health benefits of rooibos. Christie used a two-pronged strategy that built consumer interest and demand while educating the tea trade on the benefits of including rooibos in their tea blends. But the step that set up rooibos as a lifestyle ingredient, making it memorable, was linking it to its roots in South African farming cooperatives and its traditional uses. This allowed rooibos to become more than a product ingredient. It emerged as a symbol of fair trade and free enterprise as well



Maggie's scarf line fits the company's brand image, distribution, price point and most importantly... its principles.

as a source of health and wellness.” Within 24 months, rooibos was being featured in the tea blends of more than 50 manufacturers.

New Distribution Channels. Expanding your distribution, in particular going from primarily natural foods stores to more mainstream retailers, not only grows your brand but also helps raise awareness of organic.

This was always the goal for Steaz Healthy Beverage Company, which re-



Due to a multi-level PR campaign, rooibos was being featured in the tea blends of more than 50 manufacturers within 24 months of being introduced to the U.S. market.

cently launched its “Teaz” in Target stores nationwide. “From day one we wanted to branch out and give as many people as possible a fair trade, organic option to conventional soda. We have been in natural food stores for seven years, but in order to fulfill our mission we needed to find a larger mass-market retailer,” says Eric Schnell, co-founder.

The company started chatting with Target’s buyers about a year ago and realized that in order to get their product into the stores and get the typical Target shopper to try the product, they

would have to be priced in line with other options like Snapple or Arizona Tea. So to bring their mission to life they cut margins significantly on the introductory product. “We saw it as a marketing investment. The lower price encourages trial and gets people to think of organic as something that is affordable,” says Schnell. “I figured

what we lost in our margins would be made up in volume—and with the way things are going that is not going to be a problem. We are already ahead of the buyer’s projections and should be making up for the chopped margins within the next six months. Plus, because of the increased volume we are able to get a better rate for packaging,

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and that will make up for the margin cut as well. For us, it has never been just about making a lot of money. It's all about getting people to buy more organic."

Increased Market Penetration. Traditional marketing programs can also grow the brand by increasing penetration of existing products in an already established market. However, when that market is shrinking (as is the case this year), this is easier said than done. Traditional advertising, promotion, slotting allowances, and in-store sampling programs are all designed to grow unit volume and market share but can be expensive and run counter to brand image for some organic companies' core customers. To reach out to consumers without the expense, many companies are turning to online social networking through tools such as Facebook and Twitter. In the first month of launching its social networking efforts, Steaz had 122,000 users download the coupon for its new Zero Calorie line, and was mentioned in over 15,000 blogs. Due to all of the company's social networking, sales that month were up 101 percent. "We were able to share our brand message with millions for free, with online evangelists spreading the word to people we would have never otherwise reached," says Schnell.

Brand-Building Product Development

Just as growing a business and growing a brand are related but different, a similar distinction is necessary with new products. Not all new products will grow the brand, but all new products should grow the business. New product development that is focused on building your brand should take the brand in new directions. By definition this kind of development stretches the brand by targeting either new use occasions among existing consumer segments or appealing to entirely new

consumer segments. Many brand expansions require companies to invest in acquiring new expertise and technical capabilities.

New Category. Product introductions that move into new areas of the retail store grow the brand. The product line need not be entirely new to the company, but in most cases it will be. For example, adding a refrigerated salad dressing to an existing shelf-stable salad dressing business would result in an expansion of the brand. Product placement would be in the produce aisle, not in the center store. New buyers in produce would need to be sold on the product. New refrigerated distribution and warehousing will need to be arranged. New product development challenges will need to be solved. Most importantly, the consumer that shops for fresh dressing in produce will be different from the customer that shops for dressing in the center store.

New Geography. We previously discussed the brand-building potential of taking existing products into a new geographic area. Similarly, taking new products into new geographies also grows the brand. For example, a company that produces frozen seafood products had sold them largely on the East Coast. Most of the products were made from pollock or cod. When they wanted to introduce a line of salmon products, they found demand was highest in the Pacific Northwest. They determined that the regional market there warranted the new product introduction. Later, their traditional whitefish offerings were introduced to

the Pacific Northwest market where they had built brand recognition. The new product line brought in new customers in a new part of the country and expanded the brand.

New Segments. A company produced a fruit juice that created a waste stream of fruit pulp rich in fiber and antioxidants. Traditionally the pulp had been directed to compost but it was determined that with more processing, the fiber material would make

an excellent whole food fiber supplement. Significant value could be created from what was once waste. The company's waste stream was reduced and the brand was expanded by entering into a new segment, supplements.

New Alliances/ Co-branding. Branding alliances associate your brand with another brand and can grow your brand's influence.

In the case of prod-

ucts using Martek's life'sDHA, a branded ingredient, companies including Horizon, Silk, Minute Maid and Mission are signaling the benefits their products possess from the vegetarian-sourced omega-3s. Brands that use life'sDHA, must use Martek's logo. By combining the brand recognition from two companies, each brand can reach new consumers.

New Ingredients. If an ingredient is significant enough it can enhance or grow a brand. Ingredients can signal a change in the way consumers traditionally look at a brand. They can also put the company's products into a new competitive set. Crofter's, a maker of jams and jellies (a traditional category), was able to capitalize on the su-



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perfruit trend by adding exotic antioxidant-rich ingredients such as maqui, yumberry and black current to some of its products. The addition of a salt replacer in a soup would make the product “low sodium” and grant it access to a new market segment. Adding fiber to a breakfast cereal makes it healthier.

New Products Based on Technological Innovations.

These don't come along every day but when they do, they offer the opportunity to grow many brands, sometimes creating or changing whole industries. Freeze-dried coffee is a classic example. This technological innovation was

created by Nestle in 1938. It was comprised of not one, but many enabling inventions that spawned



Happy Baby occupies a unique space in the world of baby food by staying on the cutting edge of infant nutrition science.

numerous new brands. An improved process called continuous freeze-drying was invented some years later and encompassed 47 separate patents, which started the whole process over again. In turn continuous freeze-drying made another new busi-

ness possible: powdered foods.

Packaging Innovations. Many new packaging innovations have opened existing products to new uses or new occasions through enhanced convenience, increased stability or unique dis-

play methods. Microwavable bags greatly expanded the popcorn market. Self-venting bags have recently created a new market for microwavable frozen vegetables. Aseptic packaging led to new space- and weight-saving versions of many products including soups, stocks and broths. Multi-layer re-tortable gusseted pouches have created markets for side dishes, soups and entrees. And, many of these innovations are becoming more sustainable.

Business-Building Product Development

Business-building product development doesn't necessarily build the brand, but it is absolutely necessary to sustain the business. This is the development that solidifies the brand with existing customers and is the majority of development most companies will

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Processing

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Lend your voice to the call for ingredient disclosure. Champion local bottle bills, recycling incentivizing legislation, and initiatives to require comprehensive testing of chemical hazards in consumer products. Learn about the Safer Chemicals, Healthy Families Coalition at www.saferchemicals.org.

The Big Picture

The Plastics Scorecard is not a substitute for a product Life Cycle Assessment. The scorecard's focus on the sustainability of various plastics is one important part of the cradle-to-grave analysis of a product. Life Cycle Assessment (LCA) is an examination of the environmental and energy impacts of the raw material production, manufacturing, distribution, packaging, use, transport and disposal of a product. A company may find through LCA that the greatest environmental packaging gain comes from concentrating the product, selling a larger quantity per package, or switching to refillable containers. While improvements to the plastic you use now are crucial, do not neglect a big-picture analysis that can help you ensure that you have the most beneficial overall packaging for your products. □



Seventh Generation worked with its supplier to create its new 90 percent PCR bottles.



Tim Greiner is managing partner and **Tara Gallagher** is sustainability strategist with Pure Strategies (www.purestrategies.com). Pure Strategies provides leadership to help organiza-



tions improve their environmental and social performance through cleaner production, sustainable materials, strong community relationships and transparent measures of progress. You can reach them at tgreiner@purestrategies.com and tgallagher@purestrategies.com.

For More Information:

- To comment on the beta version of the Plastics Scorecard or to learn more, go to www.cleanproduction.org.
- To receive a copy of the Plastics Scorecard, send an email to info@purestrategies.com
- For protocols to help design materials for greater recyclability: www.plasticsrecycling.org
- For general information: www.sustainablepackaging.org
- To help combat marine plastic pollution: www.oceanconservancy.org

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do. It also pays the bills, is generally less risky and doesn't require as many resources as brand-building product development does. Examples include:

- **New Products/Existing Categories.** A new cereal variety is introduced by a cereal company.
- **Line Extensions/Existing Products.** A three-cheese pizza is added to an existing line of pizzas.
- **Private-Label Manufacturing.** A nutrition bar company has excess production capacity and a retailer decides to create a private-label line of breakfast bars. The nutrition bar company manufactures it for them.
- **Existing Products/Reformulated.** Almost anything that has improved flavor, dissolves easier or is brighter, whiter, etc., without having any real technological advantage.

Secrets of Strong Brands

Strong brands are value-centered and often created by visionaries, or at least by hardheaded entrepreneurs obsessed by their unique vision and beliefs. These brands grow by creating a common cause with their customers and providing them with unique products. But the question remains, what sustains these companies over many years? What are the hallmarks of organic enterprises that remain vibrant, creative and relevant?

Have a defined mission beyond commercial success. This is the source of the brand's loyalty and the focus and passion of its stakeholders. Every significant decision the company makes gets filtered through this screen daily. Jeremy Black and his partners at Sambazon brought açai to the U.S., but their real interest was in forming partnerships with Brazilian farmers that would allow them to grow something rather than cut down the rainforest.

Be unique. Happy Baby occupies a unique space in the world of baby food by staying on the cutting edge of infant nutrition science, says Shazi Amirali Visram, CEO of Happy Family Brands. The company was the first to create a baby cereal with probiotics and DHA. Its toddler snack line has exclusive rights to use Salba (a branded chia seed rich in omega-3 fatty acids and fiber) in baby food.

Listen to customers. Visram says that Happy Family Brands gets more than 100 questions and comments on its website every week. What is unusual is not the number, but how they are responded to. Every comment is answered by one of the founders. When a customer had issues with canola oil being used in the Baby Dhal (soup), the issue was considered and the decision made to substitute olive oil.

Bring together a great team. The best companies always have strong, visionary leadership. Great leaders build great teams. Strong leaders also leverage their people resources outside the company, forming relationships with highly capable and experienced external advisors and vendors. Intel-

ligent Nutrients' Rechelbacher teamed with Dr. Arnold Leonard, a prominent cancer researcher, to create Intelimune Oil. Visram of Happy Family Brands teamed with Robert Sears, MD, a noted pediatrician and author, and Amy Marlow, MPH, RD, CDN, a pediatric nutritionist, on developing her baby foods and her book "The Happy Baby Book: The Organic Guide to Baby's First 24 Months."

Do more with less. Everyone is resource-constrained but the best brands do more with less, particularly in the area of marketing. As mentioned before, the internet provides a low-cost way to get your story out and connect with consumers. Organic Valley's website features a counter that calculates "Pounds of Toxic Chemicals Prevented." Nature's Path's website offers a "Get on the Path to Sustainability" self-quiz that lets customers know that what's important to them is also important to Nature's Path. One-on-one face time at festivals and other social gatherings also helps brands maintain a grassroots connection.

Market research is another area where doing more with less is important. Many of the best brands use consumer advisory panels for prototype evaluation. Although Black of Sambazon said there was no market research budget for this in the early days, the company is now able to use its newsletter database to bring in people to taste-test new products.

Web-based tools and social networking sites can also provide low-cost, high-impact ways to leverage research dollars. Burda of Maggie's Organics uses an online tool called "Survey Monkey" to create internet surveys. She also is able to maximize her research budget through a partnership with the University of Michigan's School of Natural Resources and Environment, from which one intern is hired each year.

Serendipity. Visram relates that the idea to include probiotics in Happy Bellies baby cereal came from a customer's question about her baby's digestive problems during a book signing. Dr. Sears told the mother that probiotics could probably help. The light bulb went on in Visram's head and she asked if probiotics could be added to dry cereal.

One is tempted to call such moments luck, but on closer observation it is more likely a combination of acute attentiveness, passion, insight and intuition that captures the fateful idea that resonates with the vision and grows the brand. □

Mark Crowell, CRC, is the founder and principal culinologist at CuliNex, a consultancy specializing in the development of organic and natural food products. He is the former director of product development for Olive Garden Restaurants and Starbucks Coffee Co. CuliNex specializes in assisting food manufacturers, ingredient suppliers and multi-unit foodservice operators achieve their growth goals by developing and bringing successful products to market. You can reach him at mark@culinex.biz.

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