



COW & GATE 'STEP-UP'

Identifying a new market

■ INTRODUCTION

Cow & Gate Ireland launched Step-up Follow-on milk on to the Republic of Ireland market in March 1993. The total baby milk market was 1,151,200 kilos* valued at IRE8.58m at that time. The only product on sale in the Follow-on sector was SMA Progress which had been on the market for a number of years and accounted for 4.3%* of volume sales of the total baby milk market. The baby milk market was dominated by the three big players in the market - SMA with 34%, Cow & Gate 27% and Milupa 29%*.

- SMA Progress had been on the market since August 1990 and had grown from 1.3% of the total market in Feb/Mar 1991 to 2.4% in Feb/Mar 1992 to 4.3% in Jan 1993*.
- Cow & Gate targeted this area as a potential growth sector in the Republic of Ireland.

The purpose of this case study is to show the effectiveness of television advertising in the Republic of Ireland market where substantial market share was achieved in addition to contributing towards dramatic growth in the total market although the number of births fell in the two years from the launch.

**Source: Retail Audit*

■ MARKET OPPORTUNITY

Cow & Gate saw that there was a gap in the market for a product that was seen to be a natural alternative to cows' milk for babies of six months and upwards. Cows' milk does not contain the right balance of nutrients for a baby's healthy growth and development during the first year because it is too low in iron, vitamins A, C and D, as well as being too high in sodium and protein. Step-up was specifically formulated for babies from six months and is richer in iron and vitamins than cows' milk.

Step-up was not seen as a substitute for breast milk.

Although SMA Progress had been on the market for a number of years, it had not succeeded in dramatically driving the market forward and showed a relatively slow growth pattern.

■ MARKETING CONSIDERATIONS

As Cow & Gate was a major player in the baby milk market, the structure existed for instant distribution and total back-up throughout all channels of distribution.

- As Step-up is only used for babies of six months and upwards, this product had to be sold directly to the mothers of babies of that age and differed fundamentally from the existing baby milk market structure which achieved its usage pattern from the time the babies were born in hospitals. It is normal for the milk used in hospitals to be continued to be used once the mother takes the baby home.
- The advertising of baby milks is controlled by a special code of standards which restricts the specific use of terminology, information and methods of advertising which can be communicated to mothers. Therefore, the launch of Step-up allowed the opportunity for new, innovative advertising and communication to mothers of babies which were now outside the normal baby food market and outside the controls of the code of standards.
- Following consultation with the marketing personnel in Cow & Gate, the Birchall Company, advertising agents for Cow & Gate, recommended the use of television as the primary medium for the launch of Step-up.

This was the first time that a television commercial was used for the purpose of advertising a specific brand within the baby milk market.

*Category 1
Silver Award*

*The Birchall
Company Ltd*

Richard A Birchall

Step-up: the natural alternative to cows' milk for your growing baby.

■ THE ROLE OF ADVERTISING

With this background, it was agreed that the advertising would play a vital role in the overall strategy.

In addition to its usual role of announcing a new product launch, the advertising would have the important task of positioning Cow & Gate Step-up as a new and excellent way of providing vital nutrition for babies of six months and upwards.

CHART 1	Cow & Gate Step-up % Share	SMA Progress % Share	Step-up vs Progress % Share
January '93	-	4.3%	Nil
February/March '93	.5%	6.0%	7.79%
April/May '93	2.5%	6.1%	29.0%
June/July '93	3.7%	6.3%	37.0%
August/September '93	5.9%	5.7%	50.9%
October/November '93	7.6%	4.4%	63.3%
December/January '94	7.3%	6.2%	54.1%
February/March '94	7.5%	7.6%	49.7%
April/May '94	8.2%	8.6%	48.8%
June/July '94	7.7%	8.9%	46.4%
August/September '94	8.3%	9.6%	46.4%
October/November '94	9.5%	9.1%	51.1%
December/January '95	7.9%	9.6%	45.1%
February/March '95	9.7%	9.0%	51.9%

Source: Retail Audit

A two year programme was agreed upon with a television budget of £100,000 including production for year one and £56,000 media spend for year two.

Advertising commenced in June 1993 with a high awareness campaign during June and July supplemented by a strong burst in October 1993 with a lower frequency pattern during 1994.

Support media included use of professional press, leaflets, drinking mugs and promotional items of babies caps.

A trade press information advertisement was inserted subsequent to the successful launch.

■ MARKETING AND ADVERTISING OBJECTIVES

The objective was to gain a 33% share of the Follow-on market within one year and at the same time to endeavour to grow the overall market by increasing the Follow-on market by 75% within two years.

The advertising objective was to create high awareness and induce trial with mothers within our specific target group i.e. babies of six months or over.

■ CREATIVE STRATEGY

The creative strategy was based on the all embracing and powerful product statement:

"Step-up: the natural alternative to cows' milk for your growing baby."

A 30 second television commercial was produced in Ireland at a modest cost and this commercial ran for the two years without change.

■ MARKET PERFORMANCE

Chart 1 shows the immediate success of the brand Step-up in the Follow-on market, with a continuous upward movement and increased market share against SMA Progress.

Not only did the market share of Cow & Gate Step-up increase but the total Follow-on market grew creating spin off benefits for the competitor, SMA Progress, which had failed to make any significant in-roads during previous years.

Within six months of the commencement of advertising, Step-up had achieved over 5% of total baby milk sales and by October/November 1994 had increased its share to 9.5%, with SMA Progress growing to 9.1%. The Follow-on market increased dramatically to 18% of the total baby milk market, which had also grown from 1,151,200 to 1,591,600 kilos* within the two year period from the launch of Step-up.

The marketing and advertising objectives were clearly achieved.

At the same time, the declining birth rate was quite significant (chart 2).



CHART 2

Year	Total Births
1990	52,954
1991	52,690
1992	51,584
1993	49,456
1994	47,929

Source C.S.O.

■ CONCLUSION

In a highly competitive, hitherto static market, the success of Cow & Gate Step-up has been remarkable.

*Source Retail Audit

■ SUMMARY

In early 1993, Cow & Gate identified a gap in the market for a baby milk product which would offer an alternative to cows' milk. Cows' milk does not contain the right balance of nutrients for a baby's healthy growth and development during

the first year. Step-up, a special formulation richer in iron and vitamins was launched in March 1993, with television advertising as the main support medium.

Within six months of the commencement of TV advertising, Step-up had achieved over 5% of total baby milk sales and by October/November 1994 had increased its share to 9.5%. As a result of the two year programme, Step-up not only achieved substantial market share but in addition, contributed towards dramatic growth in the total market. The Follow-on market increased to 18% of the total baby milk market at a time when the number of births in the country was falling significantly.

This market growth created spin-off benefits for the competitor SMA Progress, which had failed to make significant impact during previous years.

Cow & Gate Step-up continues to enjoy the benefits of this very successful launch into the Republic of Ireland marketplace.

"In a highly competitive, hitherto static market, the success of Cow & Gate Step-up has been remarkable."

- Retail Audit

PRINTER:
STRIP IN COLOUR
SCAN OF COW &
GATE PACK

