



Nestlé

Injecting New Life into the Product Life Cycle



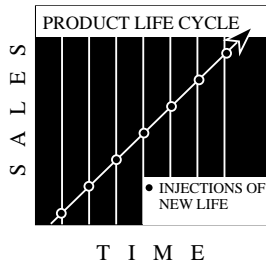
The Polo mint is a British institution - "the mint with the hole". Everyone is familiar with Polo and can clearly distinguish the brand from other products. The pack has its own distinctive colour and shape.

Injecting New Life into a Brand.

As with most established brands, there comes a time when they need a bit of a facelift to inject new life into them. Markets are in a constant state of change and the life of a product is the period over which it appeals to customers. The product life cycle charts the life of the product from its launch until its eventual decline. In the course of time rival products come along and begin to take away some of a brand's market share. It is at this time when the enlightened business will take stock and make sure that it wins back its prime position. The Smarties brand offers a classic example of this in recent times.

In the late 80s M&Ms moved into a market which had been dominated by Smarties for a long time. Fortunately the warning signals were recognised and new life was injected into the brand by bringing out blue Smarties, "Gruesome Greenies" Smarties and other extensions to the brand. The net effect was to revitalise it.

So, if a firm wants to revitalise the life cycle of a product or brand, it is essential to invest in its development. This means not only putting a lot of work into the product before it is launched. Once it is on the market, it is also necessary periodically to inject new life into the product.



Injecting new life can be done in a number of ways including:

- 1 Changing the product to better meet the needs and wants of consumers.
- 2 Using price to influence market share e.g. change prices relative to those of the competition.
- 3 Altering patterns of distribution e.g. by making the product more widely available.

- 4 Changing the style of promotion; for example, by creating brand awareness through advertising and promotions which show the additional benefits of new aspects of a product.

Mint Competition

Polo has traditionally been the market leader in mints in the United Kingdom. However, during the late 80s and early 90s this position was slipping.

We can see this decline by looking at the Index of Polo Sales from 1986 to 1993. Instead of making sense using sales figures it is sometimes useful to use an index. Index numbers in this context use 1980 as a base year and then other figures are expressed as a percentage of this.

Index of Polo Sales Base Year of 1980	
Year	Index of Sales Volume
1986	100
1987	100
1988	102
1989	93
1990	85
1991	85
1992	81
1993	77

Polo's problem was that it had gradually lost its value as a product in the eyes of consumers. When this happens it affects the position

of a product in the market place. This was as a result partly of strenuous competitive activity, partly because of a lack of innovation in the Polo brand itself and partly because advertising had not found people sufficiently to the brand.

Competitors such as Trebor Extra Strong Mints, Trebor Mints, Trebor Spearmints and Softmints had fought hard to win a share of the market from Polo. Instead of consumers primarily associating mints with Polo they were choosing from a variety of mints. Polo's declining share up until 1993 is shown in the chart below:

	1990	1991	1992	1993
POLO (TOTAL) % share	17.4	17.5	16.2	15.8
TREBOR ESM % share	15.9	16.1	17.4	17.3
TREBOR MINTS % share	3.6	3.2	2.6	3.0
TREBOR SPEARMINTS				
% share	1.5	1.5	1.3	1.5
SOFTMINTS % share	5.7	7.1	7.7	8.5
OTHER BRANDS % share	55.9	54.6	54.8	53.9

Polo's Response

Polo's response to these trends was decisive. The key problem was that the brand had not been developed and so it was starting to be seen as predictable.

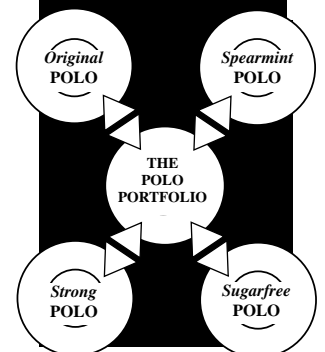
To regenerate sales volume and rejuvenate brand interest, three new Polo variants were added to the range in 1994 and Polo was relaunched as Polo Original.

Extensive market research was carried out before the relaunch. The objectives were:

- revitalise the brand
- rejuvenate the total sales of Polo
- broaden Polo within the consumers repertoire - i.e. offer consumers a range of different types to select from
- create trade interest in the brand. Retailers are always keen to stock products for which there is a lot of interest and hence demand

At the same time all these mint variants support Polo's core brand values of being "hard, smooth, round hole mints".

The new Polo portfolio therefore became:



Target Markets

As the market for mints has grown it has also become more diverse. In the past there was only one Polo which was targeted at the general public of mint eaters. There tended to be a single message which was put over through advertising and promotion to this market. Selling to a single market in this way is called undifferentiated marketing i.e. you sell the same product, at the same price, through the same distribution channels, with the same advertising and promotion to an undifferentiated target group.

To extend the total market for Polo mints each of the products needs its own “marketing mix” which enables it to be focussed at the appropriate target market.

For example, Sugar free Polo’s have been advertised in the Women’s press, whilst the Spearmint and Strong Polo’s have been advertised through posters and more recently in TV adverts.

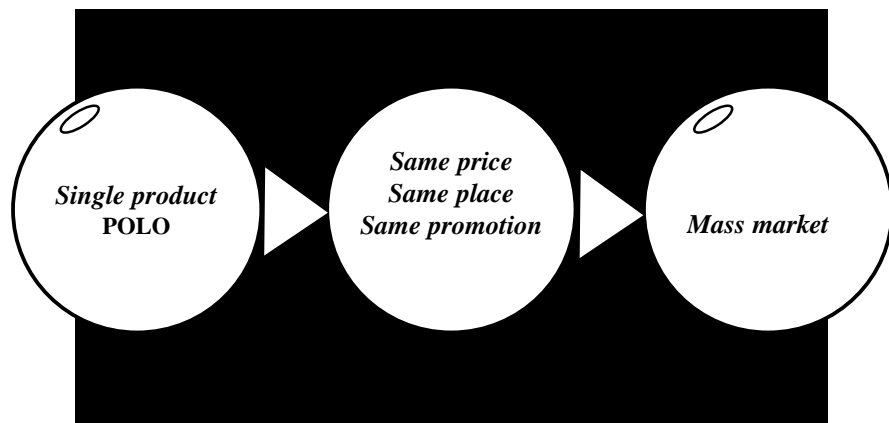


Fig: Undifferentiated marketing.

The new strategy involves widening and deepening this market by using differentiated marketing. This enables the company to alter ingredients of the marketing mix such as where and how it advertises its products, the outlets it sells its products in, and gives it the flexibility to charge different prices for the variants of this where appropriate.

Product	Target Market
Original	All Adults
Strong	All adults (slight male bias)
Sugar free	16-24 (some female bias)
Spearmint	Young (16/24)

Fig. Differentiated marketing of 4 Polo variants.

Developing a Distinct Message

In developing Polo through differentiated marketing it has been necessary to do two things.

- 1 It has been essential to stress the core strengths of Polo and;
- 2 It has been necessary to create the character of the variants in their own right.

The Polo’s core strengths which have needed to be stressed are:

- Its unique physical form - it is this which distinguishes Polo most tangibly from other mints.
- Polo’s “friendly” reputation, built up over many years through humorous advertising.

The core strengths had to continue to be a key part of all Polo

advertising. However, in addition to these core strengths it is also important to draw out the distinct characteristics of the variants.

Polo have established these as being:

- **POLO ORIGINAL**
the original and best taste.
- **POLO SPEARMINT**
the younger trendier mint.
- **POLO STRONG**
a smooth strong taste.
- **POLO SUGAR FREE**
the sugar free mint with a hole.



A Success Story

The Polo strategy of differentiated marketing in order to extend the Polo brand has been a success both in terms of the overall brand, and for the three variants. Importantly the size of the overall mint market has grown.

Polo has regained its supremacy as the UK’s number one mint. The total mint market grew by £6 million to £207 million in 1994, and this increase continued in 1995. In 1994 market growth was

largely as a result of the spearmint and sugar free sectors stimulated by the new Polo variants. By stocking Polo, retailers were able to increase their total mint sales rather than simply substituting sales of one mint brand for another.

The success of the relaunch is shown in the figures below:

Index of Polo Sales		
Base Year 1980		
	1992	81
	1993	77
	1994	94

In April 1995 Polo Spearmint had captured 4.3% of all mint sales, Polo Strong had 1.7% and Polo Sugar Free had 1.5%.

Of course it is early days and the marketing mix will now need to be carefully applied to ensure that the new mints are provided to consumers at the right place, the right time and the right price with the appropriate advertising and promotional mix to appeal to their lifestyles.

The Polo goes from Strength to Strength

The Polo case study provides us with an interesting and exciting example of the way in which an innovative company can retain market leadership for its products. The Polo mint is just one element of the overall portfolio of sweets and confectionery products produced by Nestlé Rowntree.

Market share of Polo		
	1993	1994
Polo (Total)		
% share	15.8	19.8
Trebor ESM		
% share	17.3	17.3
Trebor Mints		
% share	3.0	2.6
Trebor Spearmints		
% share	1.5	1.3
Softmints		
% share	8.5	8.8
Other brands	53.9	50.2

The art of successful marketing is knowing when and how to make changes to highly successful products. Polo has been a successful product for many years. Its continuing success will depend upon further innovation and change which is taking place to make a good brand an even better brand.



TASKS & ACTIVITIES

1 Carry out a survey of 30 mint consumers to find out which of the four variants of Polo they find most appealing. Ask them to give reasons for their choice. Try and ask a sample of people in different sex and age groupings. Present your findings using a desktop publishing package to produce a 300 word report.

2 What alternative strategies could have been used to inject new life into Polo? Identify and explain three such strategies.

3 Suggest other variants of Polo which might be popular. These variants do not necessarily have to be mints. Show how you would go about finding out whether these variants would be successful.

4 Produce an advert for one of the four new variants of Polo. This could either be in the form of a poster, a magazine advert, a one minute radio jingle, or a one minute video clip.

5 The following figures represent the % market share of different types of mints in April 1995. Present these figures in the form of a pie chart using a computer graphics package.

Total Polo Share	18.2%
Trebor ESM	14.3%
Trebor Mints	2.5%
Trebor Spearmint	1.2%
Softmints	9.2%

6 Draw a chart showing competition in the mint industry. For example you could break down the chart into different segments e.g. strong mints, spearmints etc. Plot on your chart the names of the main competitors which appear in each segment. Are there any segments where competition is a) weak and b) strong. How might mint producers respond to the information outlined in your chart? e.g. which segments contain the biggest opportunities/threats?

7 Examine the target markets of two of the Polo variants. What methods of promotion do you think would be most suitable for reaching customers in each of these segments?

8 What would you consider to be the best marketing mix for Sugar Free Polos?

9 What do you consider to be the core strengths of the Polo brand? What are the additional strengths of the variants?

10 What lessons can be learnt from this case study which would enable all business organisations to inject new life into a product life cycle?

