Case Study – Bumble Bee Tuna

Agenda

• Background
• The Situation – Circa 1993
• The Value Drivers
• The Plan of Action
• The Results – Circa 1998
Background
The Tuna Wars of the 1990s
The Situation – Circa 1993
Time Machine – 1993

- *Jurassic Park*
- Princess Diana
- *The Fresh Prince of Bel-Air*
- Bill Clinton and Middle Eastern leader
- Special Issue of *Time* Magazine: "The New Face of America"
Segmentation – Key Target Segments

- Women 18-49 years old
- Healthy eaters
- Children 10-17 years old
- Tuna preferences vary by region
  - Bumble Bee in New York City, Boston, Philadelphia, Miami
  - Chicken of the Sea in Minnesota, Wisconsin, Kansas, Okla.
  - StarKist in Midwest, Mid-Atlantic, South, California
Marketing Research and Analysis

- Tuna consumption decline coming from heavy users
  - i.e., frequency of usage declining
- Only StarKist commanding any price premium
  - And only then in certain markets
- Bumble Bee key factors
  - Gross margin and profit driven by Whitemeat (63%) and convenience items (76%)
  - While #3 market share in Total Tuna, Bumble Bee had the #1 market share in Whitemeat Tuna
  - Bumble Bee recent winner of product quality test based on product quality improvements;
    - Until then, no statistically significant difference found between the Big 3 tuna brands
Positioning – Crucial Words in Tuna

• “Taste”
  o Issues: All tuna brands emphasizing the same attribute:
    • “Sorry Charlie...only good-tasting tuna gets to be StarKist”
    • “Yum-Yum Bumble Bee, Bumble Bee tuna...”
    • “What’s the best tuna, Chicken of the Sea”

• “Convenient”
  o Issues: Tuna losing ground on this attribute due to:
    • The increasing number of women in the workforce
    • Reduction in leisure time across key target segments

• “Healthy”
  o Issues: Tuna losing ground on this attribute due to:
    • Concerns with tuna served with mayonnaise, mercury in tuna

• “Fun”
  o Issues: Drop in in tuna consumption among children
Perceptions

• Tuna category turning into a commodity
  o Less than 20% believe that “1 brand is best”

• Overall tuna brand awareness low and declining
  o No brand with Awareness above 50%

• Bumble Bee brand awareness in last place
  o (70%) lower than Chicken of the Sea
  o (75%) lower than StarKist

• Bumble Bee brand image (favorability) in last place
  o (40%) lower than Chicken of the Sea
  o (50%) lower than StarKist
The Value Drivers
Value Drivers

![Graph showing the importance of different value drivers: Personal, Convenience, Reputation, Safety, Price, Comfort.]}
Value Drivers – With Brand Overlay

- Importance
- Bumble Bee
- StarKist
- Chicken of the Sea
The Plan of Action
The Overall Goal – Reposition Bumble Bee

- Reposition as “Premium” – Create & Own a New Word
  - *America’s Favorite Albacore!*
    - Marketing’s Law of Leadership (#1) and Law of Category (#2)*
  - “Albacore” vs. “Whitemeat”
    - “Albacore” sounds more sophisticated and prestigious than “Whitemeat”
- New Packaging
  - More fun, active, modern, sophisticated

*The 22 Immutable Laws of Marketing, Ries and Trout*
The 4 P’s – Product Goal

• **Product** – Become leader in convenience and health
  - New Product: Ready-To-Eat Tuna Salad lunch kit
  - New Product: Diet Low Salt tuna
  - Focus on more convenient sizes (single-serve, family)
The 4 P’s – Place (Distribution) Goal

- Place – Increase distribution of high-margin products
  - Gain distribution of new products
  - Increase distribution of convenience sizes across the U.S.
  - Broaden distribution outside of the U.S.
The 4 P’s – Promotion Goal

• Promotion – Appeal to children with targeted marketing
  o Co-promotion with Warner Bros.’ *Free Willy* movie release
  o Sponsor of the Scripps-Howard’s *National Spelling Bee*
  o Created fun and interactive “world-wide” website...in 1996!
The Results – Circa 1998
Advertising Awareness – Aided and Unaided

- Bumble Bee
- StarKist
- Chicken of the Sea


Percentage Range: 0% to 70%
Favorability Ratings – Top 3-Box Rating

- Bumble Bee
- StarKist
- Chicken of the Sea

<table>
<thead>
<tr>
<th>Year</th>
<th>Bumble Bee</th>
<th>StarKist</th>
<th>Chicken of the Sea</th>
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<tbody>
<tr>
<td>1983</td>
<td>70%</td>
<td>60%</td>
<td>55%</td>
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<tr>
<td>1988</td>
<td>65%</td>
<td>65%</td>
<td>60%</td>
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<tr>
<td>1993</td>
<td>55%</td>
<td>60%</td>
<td>45%</td>
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<tr>
<td>1998</td>
<td>40%</td>
<td>50%</td>
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Tuna Consumption – Among Children

0%   | 5%   | 10%  | 15%  
20%  | 25%  | 30%  | 35%  
40%  

Tuna Consumption Among 10-17 Years Old
Reduced Dependence on Few Markets

Market Share --
Top 10 Markets

Market Share --
All Other Markets


0% 10% 20% 30% 40% 50% 60% 70% 80%
Highest Ever Market Share – Whitemeat

Bumble Bee Whitemeat Market Share

- 1983: 15%
- 1988: 25%
- 1993: 40%
- 1998: 45%
Highest Ever Market Share – Convenience Items

Bumble Bee Convenience Items Market Share

- 1983
- 1988
- 1993
- 1998
Highest Ever Profit – Total Tuna

Bumble Bee Total Gross Margin (in M)

- $0
- $10
- $20
- $30
- $40
- $50
- $60

Years:
- 1983
- 1988
- 1993
- 1998
Next Up... The Cable Wars
Next Up... UM Overview and Work-In-Progress