

Case Study – Bumble Bee Tuna

Agenda

- Background
- The Situation – Circa 1993
- The Value Drivers
- The Plan of Action
- The Results – Circa 1998

Background

Some Brands



The Tuna Wars of the 1990s



The Situation – Circa 1993

Time Machine – 1993



BEANIEBABIES



SPECIAL ISSUE TIME

Take a good look at this woman. She was created by a computer from a mix of several races. What you see is a remarkable preview of...

THE NEW FACE OF AMERICA

How Immigrants Are Shaping the World's First Multicultural Society



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

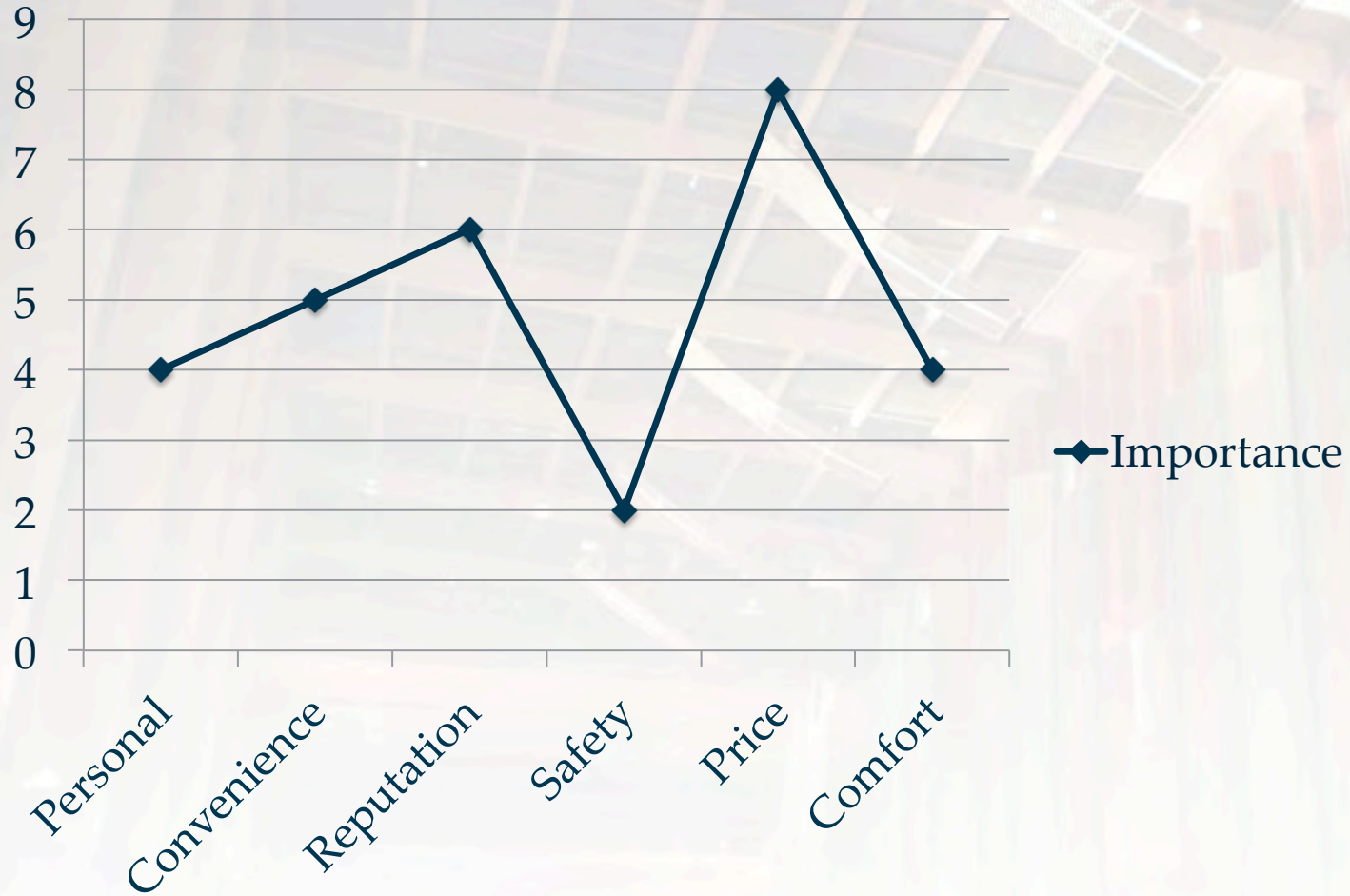
- “Taste”
 - Issues: All tuna brands emphasizing the same attribute:
 - “Sorry Charlie...only good-tasting tuna gets to be StarKist”
 - “Yum-Yum Bumble Bee, Bumble Bee tuna...”
 - “What’s the best tuna, Chicken of the Sea”
- “Convenient”
 - Issues: Tuna losing ground on this attribute due to:
 - The increasing number of women in the workforce
 - Reduction in leisure time across key target segments
- “Healthy”
 - Issues: Tuna losing ground on this attribute due to:
 - Concerns with tuna tuna served with mayonnaise, mercury in tuna
- “Fun”
 - Issues: Drop in in tuna consumption among children

Perceptions

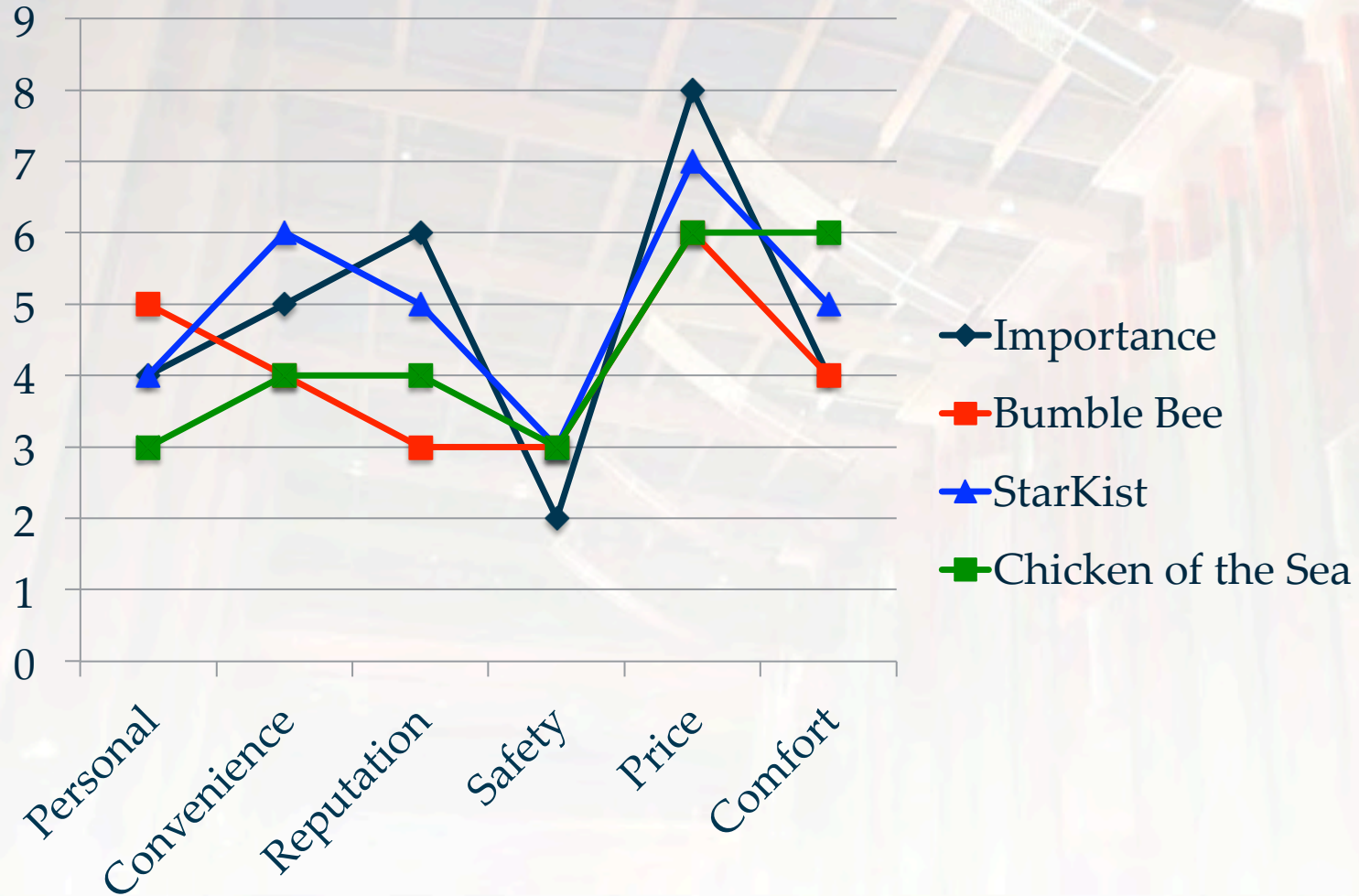
- Tuna category turning into a commodity
 - Less than 20% believe that “1 brand is best”
- Overall tuna brand awareness low and declining
 - No brand with Awareness above 50%
- Bumble Bee brand awareness in last place
 - (70%) lower than Chicken of the Sea
 - (75%) lower than StarKist
- Bumble Bee brand image (favorability) in last place
 - (40%) lower than Chicken of the Sea
 - (50%) lower than StarKist

The Value Drivers

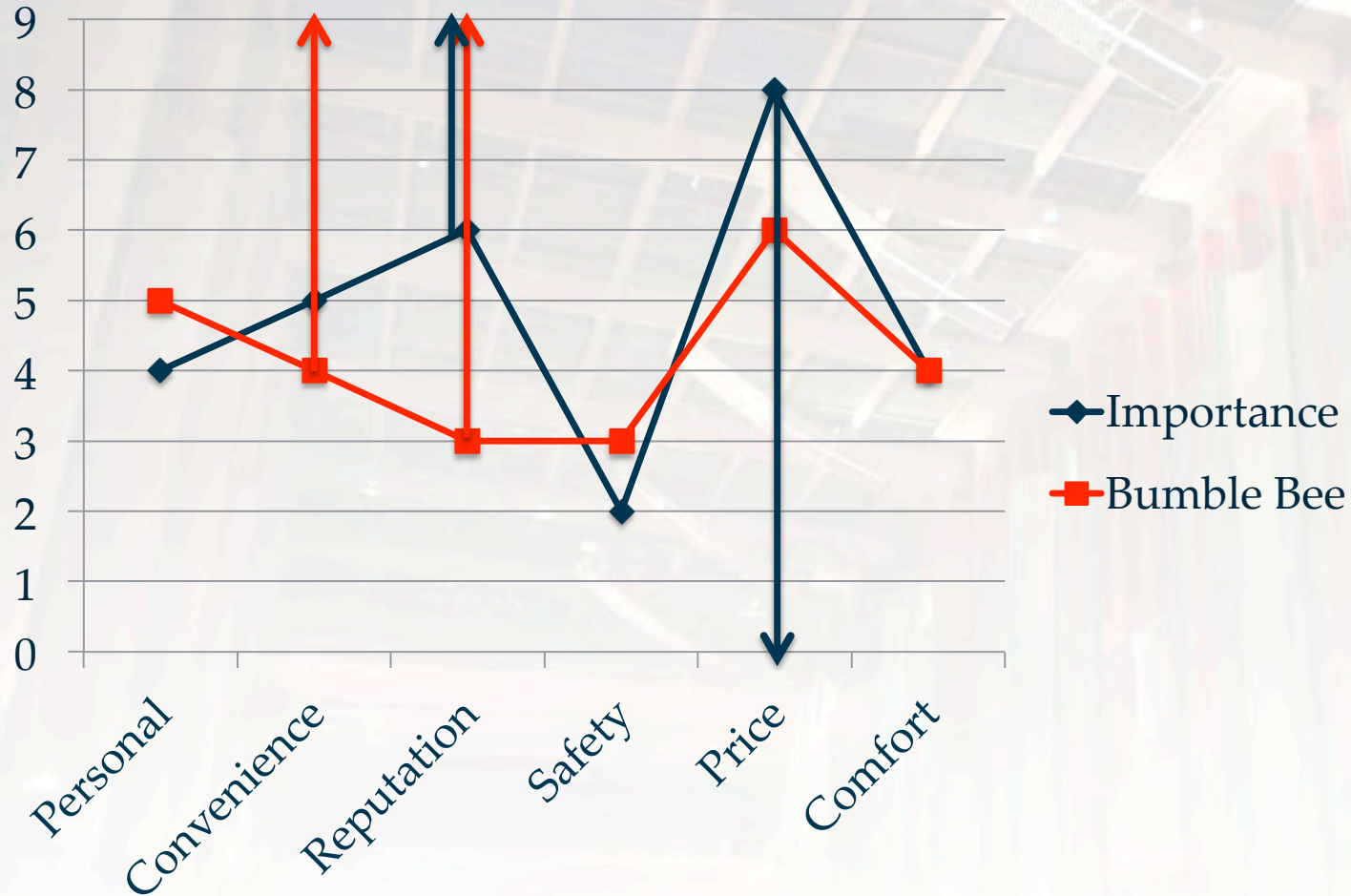
Value Drivers



Value Drivers – With Brand Overlay



Value Drivers – Desired Movements



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.

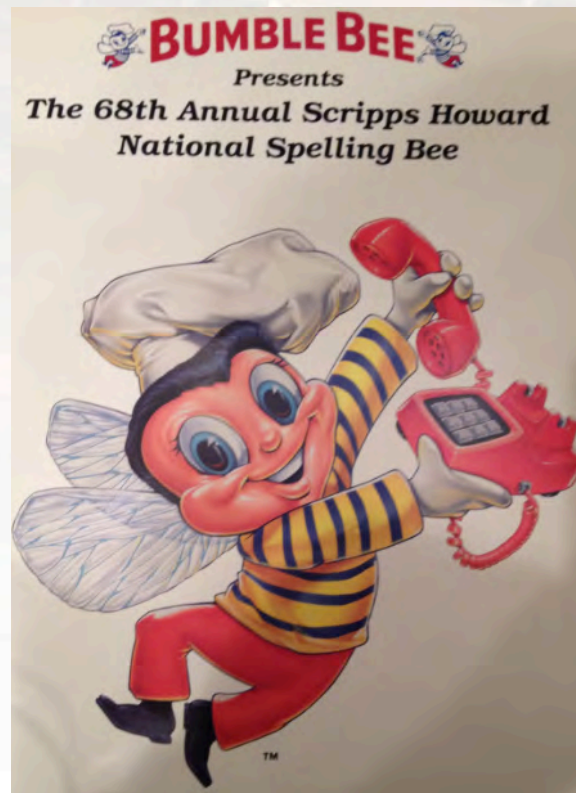
Total Tuna — Market Share Dominance by Brand

- - Bumble Bee
- - Chicken of the Sea
- - StarKist



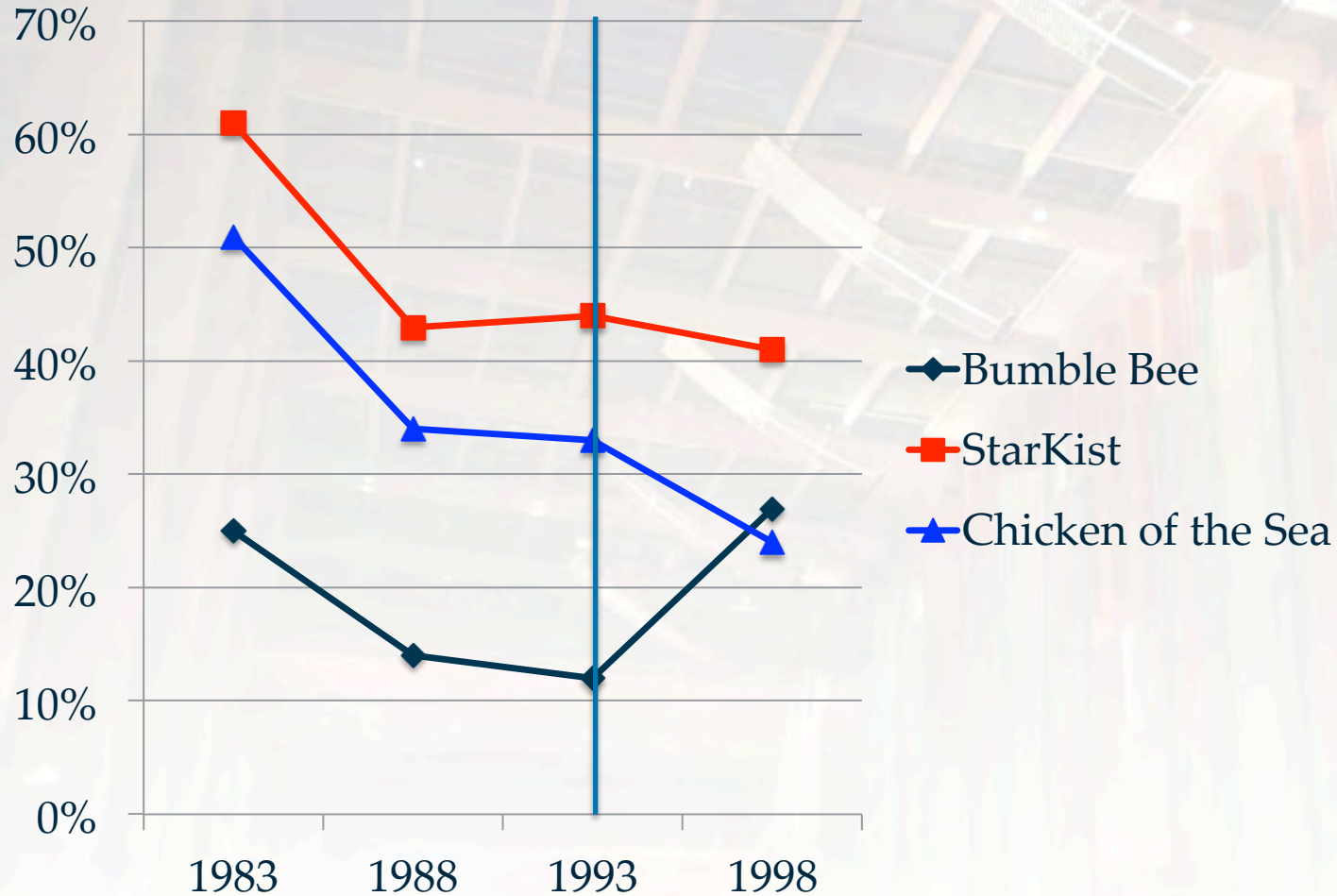
The 4 P's – Promotion Goal

- Promotion – Appeal to children with targeted marketing
 - Co-promotion with Warner Bros.' *Free Willy* movie release
 - Sponsor of the Scripps-Howard's *National Spelling Bee*
 - Created fun and interactive “world-wide” website...in 1996!

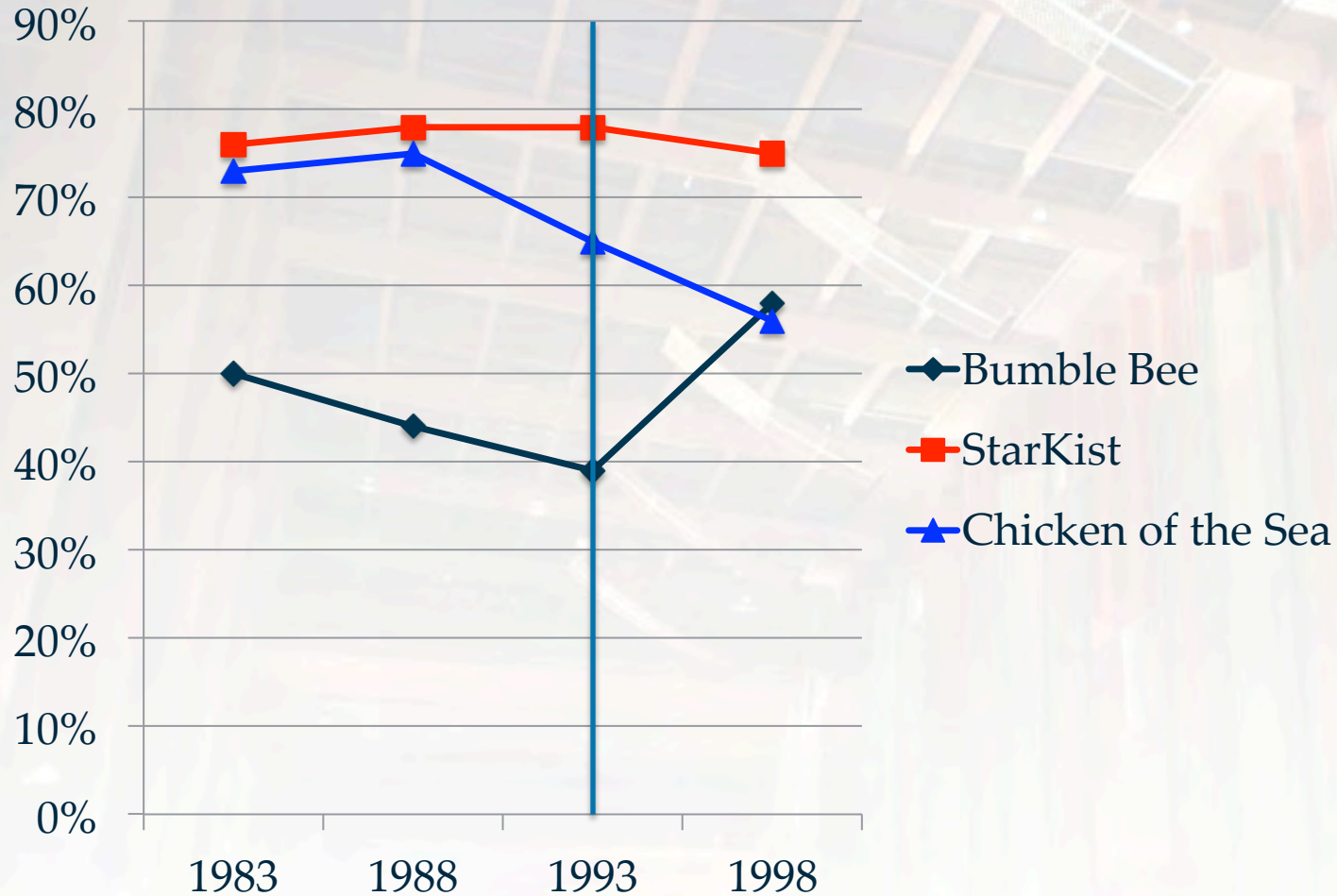


The Results – Circa 1998

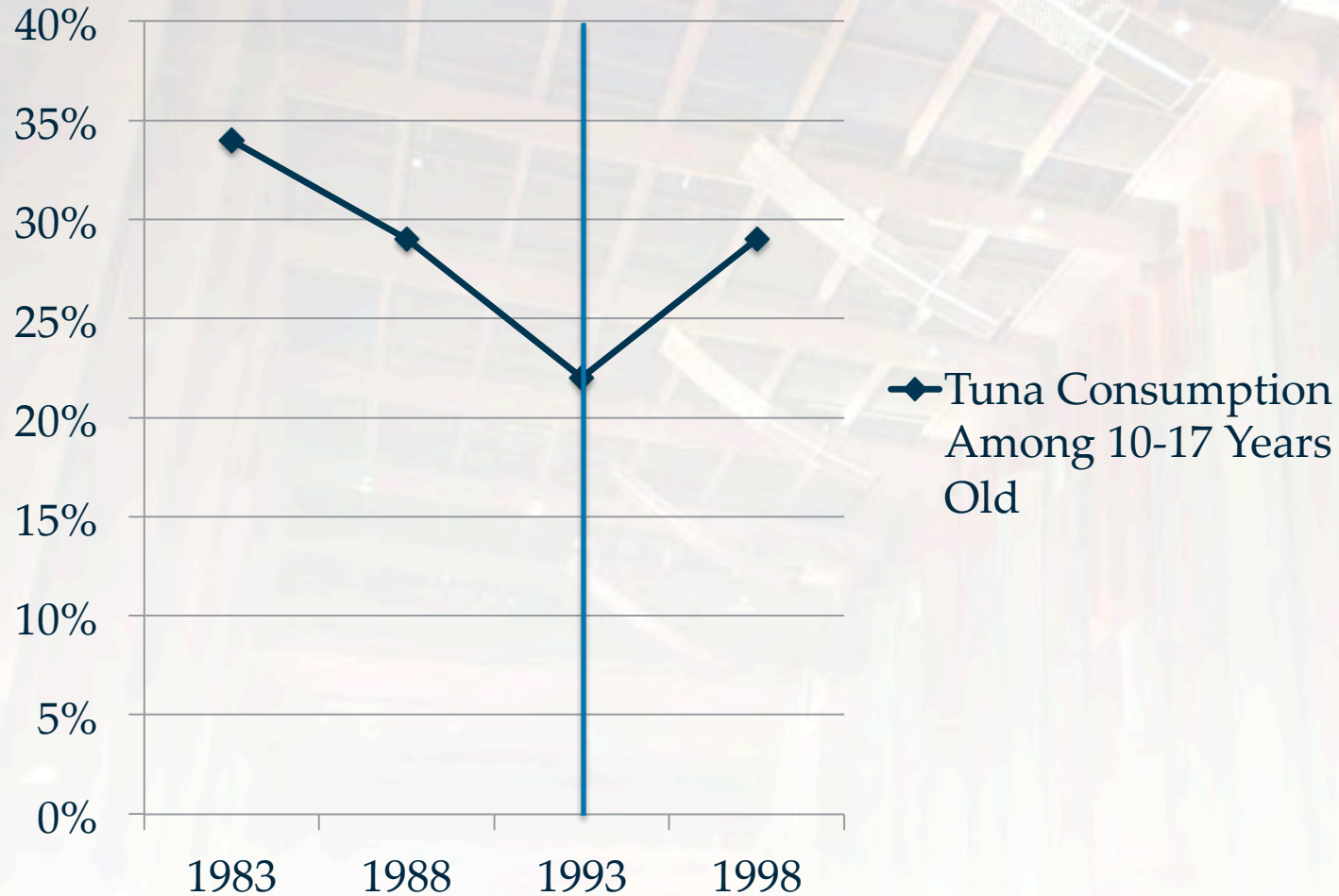
Advertising Awareness – Aided and Unaided



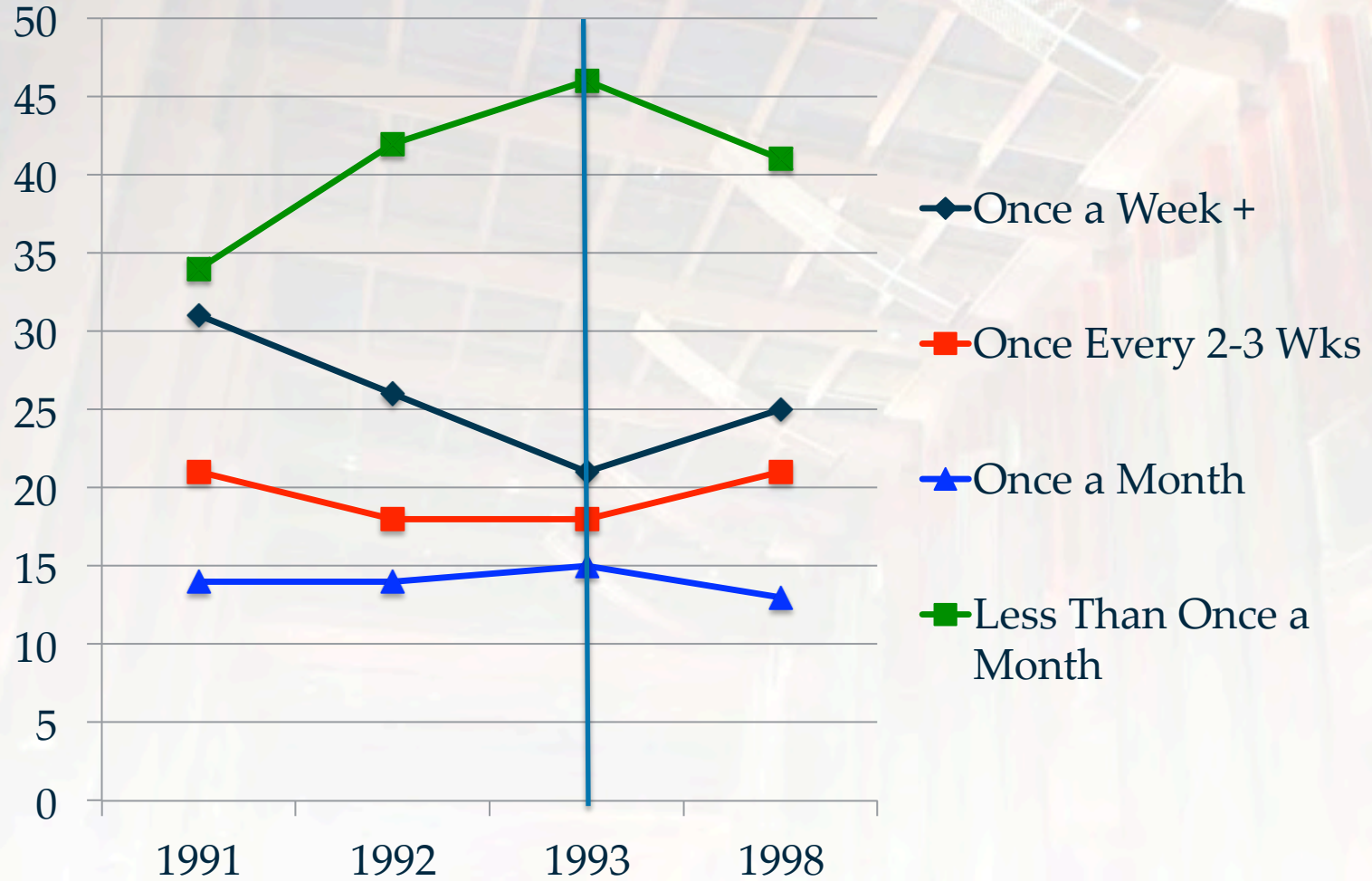
Favorability Ratings – Top 3-Box Rating



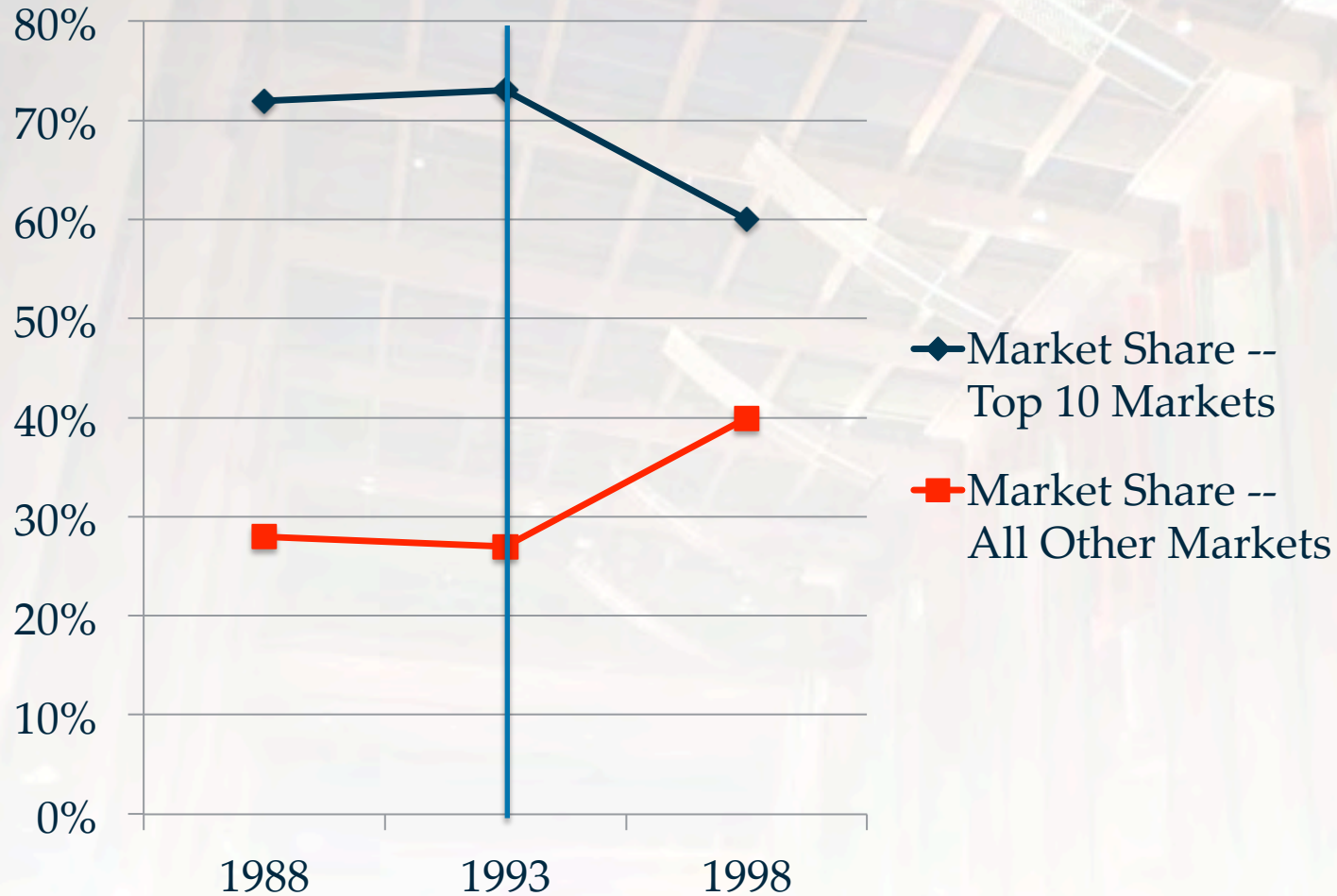
Tuna Consumption – Among Children



Frequency of Tuna Use – As a Percent

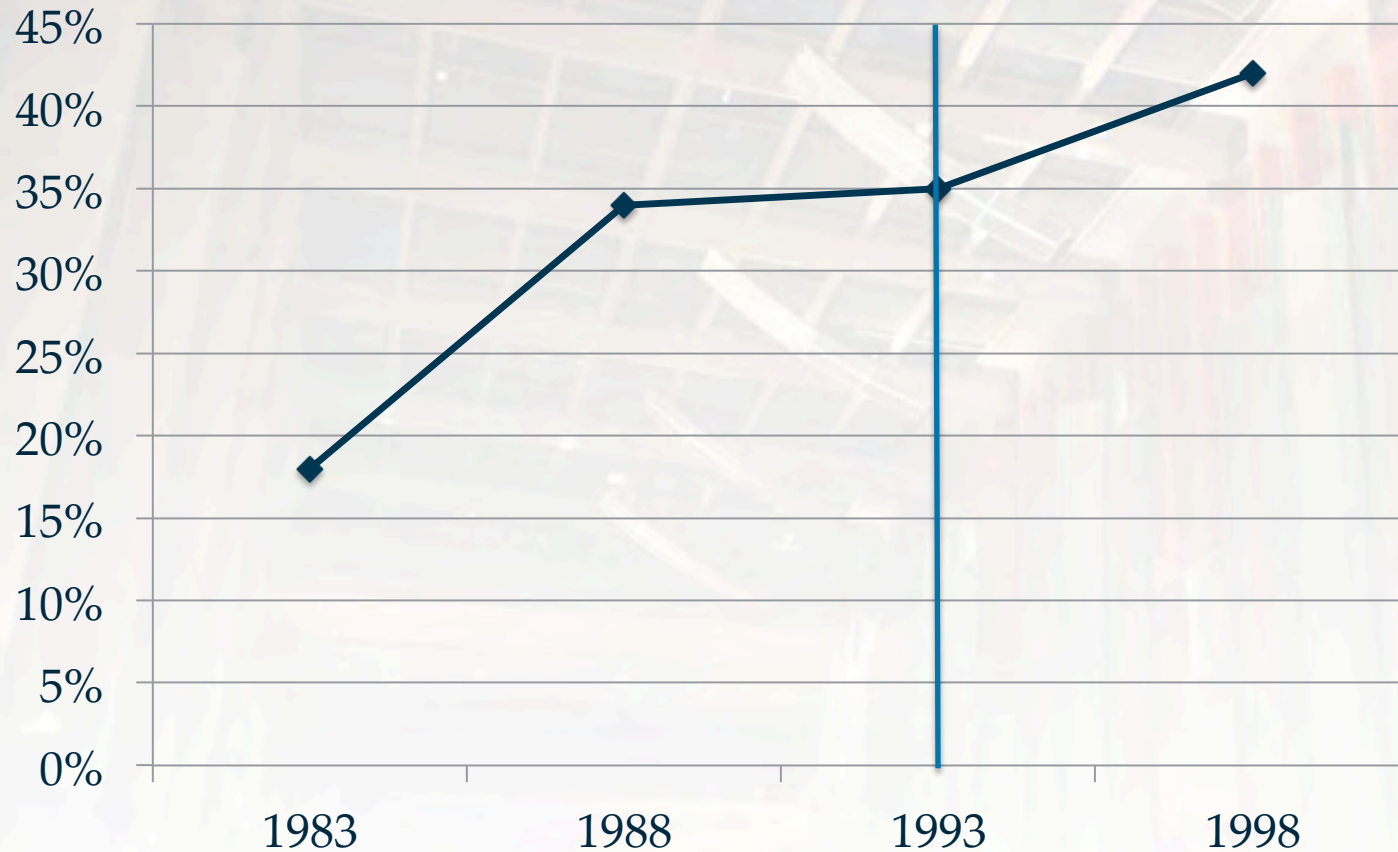


Reduced Dependence on Few Markets



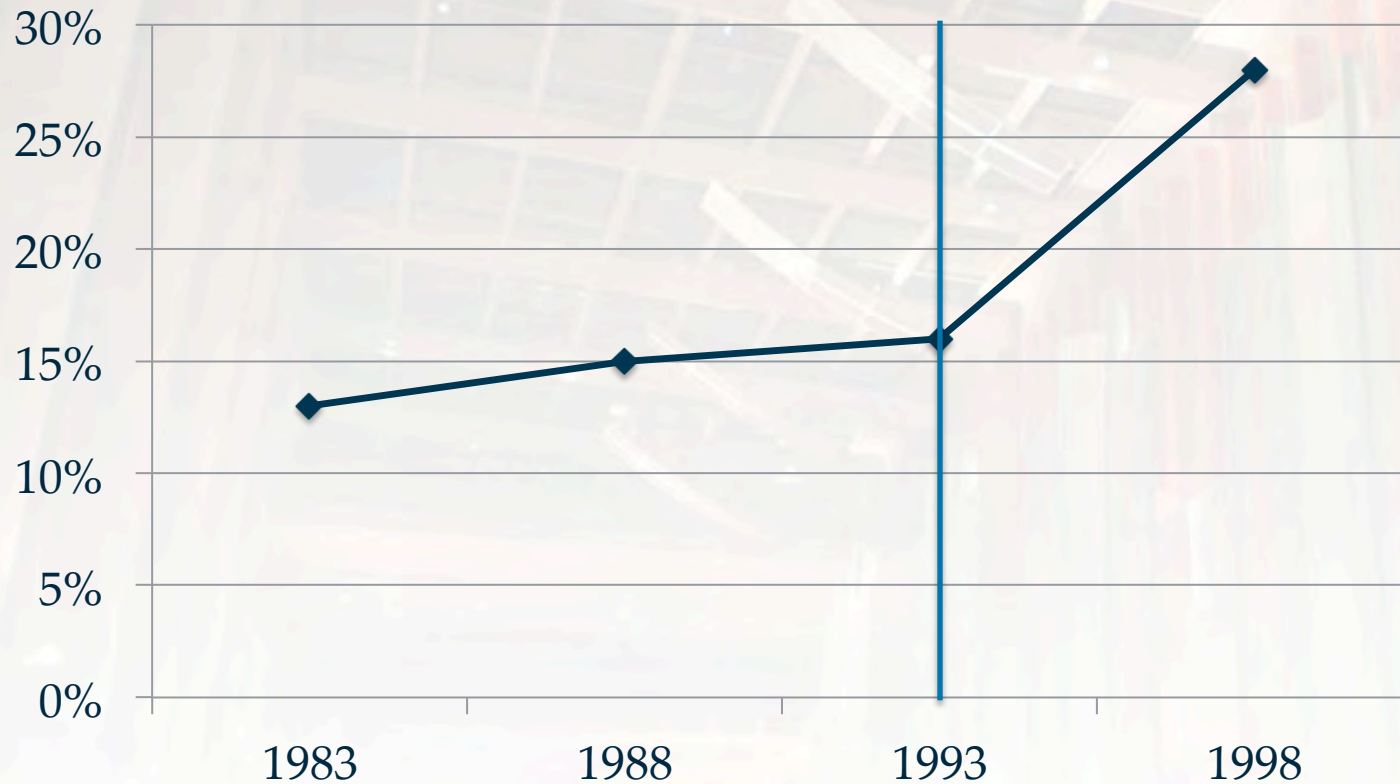
Highest Ever Market Share – Whitemeat

Bumble Bee Whitemeat Market Share



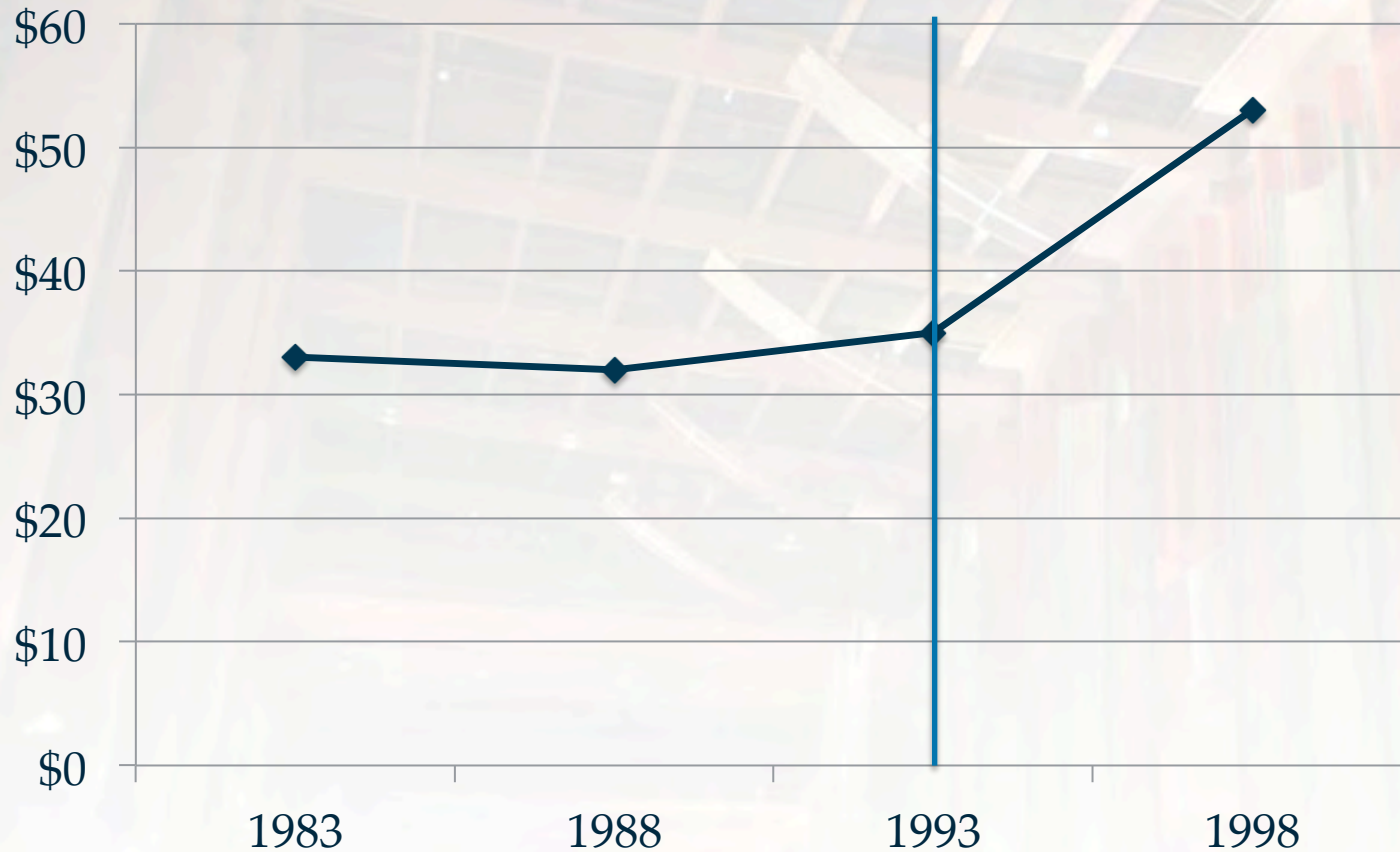
Highest Ever Market Share – Convenience Items

Bumble Bee Convenience Items Market Share



Highest Ever Profit – Total Tuna

Bumble Bee Total Gross Margin (in M)



Next Up...The Cable Wars



DIRECTV
SATELLITE TELEVISION

verizon
FiOS



CABLEVISION



AT&T U-verse

Google fiber



NETFLIX



comcast

Next Up...UM Overview and Work-In-Progress



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