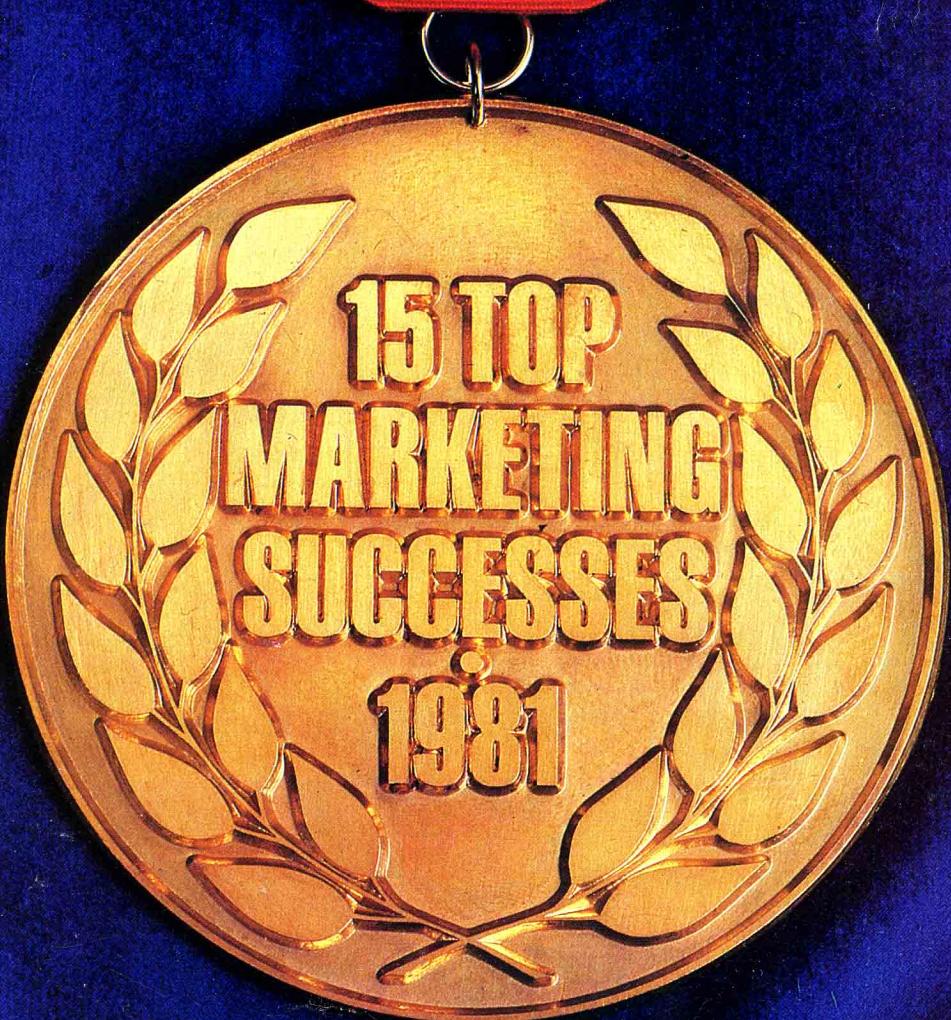


MARKETING &  
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# Decisions

Apple • Atari • Budweiser  
Camel • Honda • Levi's  
Lean Cuisine • McDonald's  
Merrill Lynch • Mobil  
New York Travel  
Radio Shack • Softsoap  
Sunkist Soda  
Tylenol

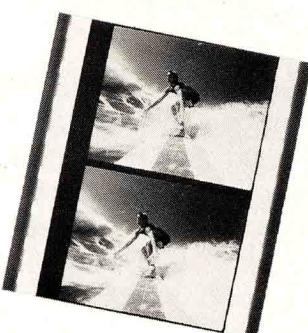
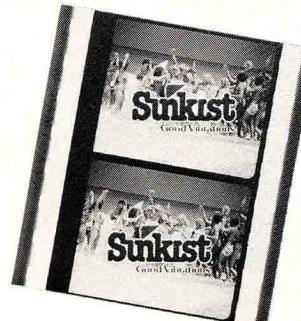
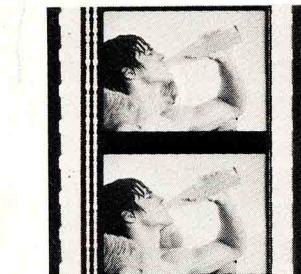




# Sunkist

## What's in a name?

General Cinema Corporation found out when it bought the rights to use the Sunkist orange brand name for a new orange soda. The massive consumer recognition and acceptance of the brand, along with astute marketing and distribution, made Sunkist Orange Soda a \$30 million sales gold mine in 1981. But even at that, it took a lot of courage and \$23.1 million over three years to reach profitability.



### SUNKIST ORANGE SODA

Russell Hamlin, president,  
Sunkist Growers  
Mark Stevens, president,  
General Cinema  
Foote, Cone & Belding

Four years ago, the name Sunkist meant oranges and lemons.

Today it means oranges, lemons and carbonated soda as well.

The growth of Sunkist brand orange soda from a test market product in 1978 to the 10th best selling soda in the U.S. in 1981, is little short of sensational. That such a performance should be achieved in the orange flavor category makes the accomplishment astounding. These days, even getting a cola off the ground is a demanding proposition, as Walter Mack, founder of the defunct King Cola Corporation, well knows.

The orange flavor category in soft drinks has been in a state of disarray for some years. In the 1970s, no one brand was able to develop pre-eminence. There were over 400 brands, none with a sure grip on the market. By the time Procter & Gamble purchased Crush International in August 1980, Sunkist was well on its way to a resounding success.

At the end of 1981, Sunkist was closing in on a 2% share of the U.S. soft drink market, within striking distance of its goal of 3%, which would give it the fifth spot among soft drink brands.

The responsibility for that success rests in two areas — product development and shrewd, sound marketing.

Plans for the introductory program of the Sunkist brand were conceived by Russell Hamlin, president of Sunkist Growers, Inc., and Charles Johnson, export sales manager, back in 1974. Sunkist Growers supplies 50% of all fresh oranges in the U.S. and 70% of lemons. Sunkist Growers developed the product, and General Cinema Corporation, the largest independent bottler — as well as the largest theater chain in the country — took on bottling, franchising and distribution.

But why orange soda? Because it was an undeveloped flavor category that had no real brand leadership.

John Stacy, in his soft drink market



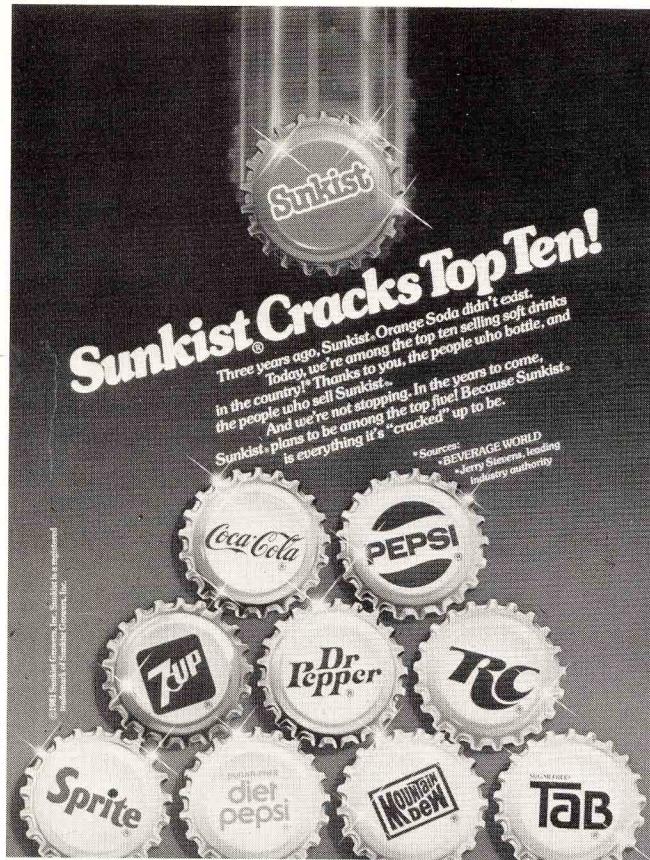
## Top 10 soft drink brands

Brand	1981 market share	1981 Cases (000) <sup>1</sup>	1980 Cases (000) <sup>1</sup>	1981 Brand Growth
Coca-Cola	26.5%	1,495,000	1,452,000	3.0%
Pepsi-Cola	19.5	1,100,000	1,045,000 <sup>2</sup>	5.0
Dr Pepper	4.9	277,000	301,300	(8.1)
7Up	4.9	275,000	296,000	(7.4)
Tab	3.5	196,000	175,300	11.8
Mountain Dew	3.2	178,970	169,000 <sup>2</sup>	5.9
Sprite	3.0	168,500	153,400	9.8
Diet Pepsi-Cola	3.0	168,000	150,960 <sup>2</sup>	11.1
Royal Crown Cola	2.7	152,000	164,400	(7.5)
<b>Sunkist</b>	<b>1.7</b>	<b>98,000</b>	<b>82,200</b>	<b>19.2</b>
Top 10	72.9%	4,108,470.0	3,990,460	2.96%
Other brands	27.1%	1,524,315.1	1,488,370	2.42%
Total industry	100.0%	5,632,785.1	5,478,830	2.81%

<sup>1</sup> Eight-ounce equivalent cases

<sup>2</sup> Revised 1980 cases

Source: *Beverage World* estimates based on industry contacts.



**Trade magazine ads exult** over cracking the top ten in soft drink sales (left), and plug retail counter sales. Sunkist's ad copy to the trade consistently underscores the brand's rapid growth.

study commissioned by *Beverage World*, noted that "Orange is the 'universal' flavor for all people; the old, the young and the in-between. All ages, both sexes, the ethnic market, and all seasons."

As Sunkist went into test market in 1978, initial research indicated strong consumer preference for the brand as well as high repeat sales and seasonal volume compared to Coke and Tab.

Test markets for Sunkist included the New York metro area, Rapid City, South Dakota, Winston-Salem, North Carolina, Shreveport, Louisiana and Texarkana, Texas. Only a few months after the test market introduction in January, the brand moved to the number three spot in the New York metro market — significantly behind Coke and Tab.

Stacy's analysis of the subsequent success shows four major factors:

**1) The Sunkist name**, which is synonymous with orange flavor, carrying strong connotations of fruit flavor, purity and nutrition.

**2) The bold orange package** design with a bright blue logo that retains

the Sunkist heritage with dramatic shelf impact.

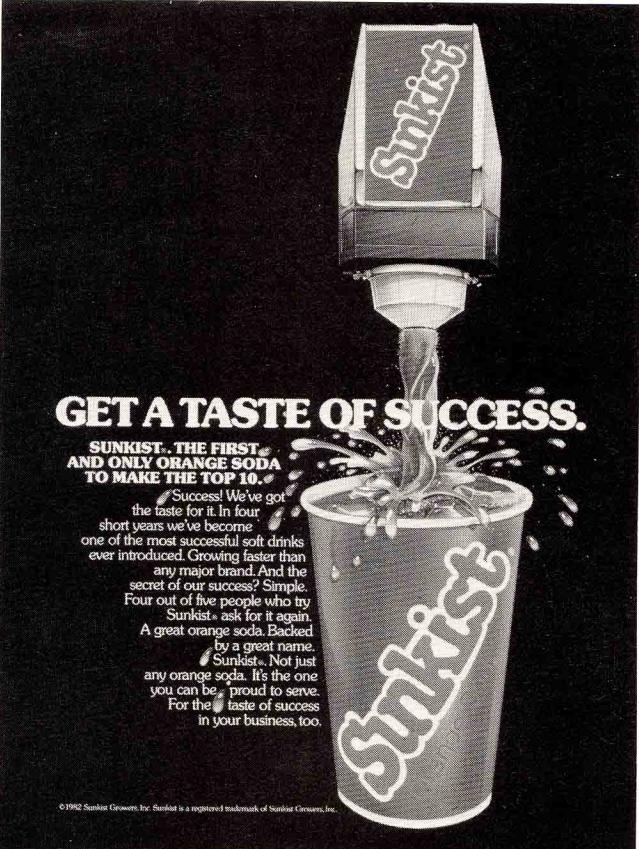
**3) The use of the old Beach Boys song, "Good Vibrations"** as the advertising theme in broadcast media.

The song also reinforces the brand image by suggesting the mood and ambiance of the California lifestyle.

**4) Sunkist filled a void** in the orange flavor segment.

Another vital element is the knowledge of bottling General Cinema acquired over the years. Of the brand's current 420 bottlers, the first 24 were GCC plants, which are strong contenders in the markets they occupy. Additional bottlers selected were usually the largest, marketing the leading cola and diet brands in the market. But selection was also made with an eye to achieving a balanced mix of the leading soft drink brands.

Bottler response to the Sunkist effort has often been favorable, getting such responses as: "Here's a brand that did everything right . . . But then, it's a bottler company, so they know what we need . . . Their programs are designed to work well."



In return for efficient programs from Sunkist, bottlers have been willing to work hard for the brand.

The fact that Sunkist is a one-flavor company and brand has also worked in its favor. No element of confusion has been added to the idea that Sunkist means orange.

In 1980, Sunkist expanded its product franchise with the introduction of a diet formulation. Sunkist's reasoning for the extension runs this way: Sunkist regular is aimed at the youth market, 18 to 34. That left the top age demographics open, so Sunkist positioned its diet version against adults 35 to 49.

With that distinction in targeting, it was assumed that a minimum of cannibalization would occur. Research has since shown that 66% of Sunkist Diet purchasers are new users.

Getting a new brand out in a hurry is an expensive proposition. Realizing that, General Cinema and Sunkist Growers chose a pay-out system to get the brand going. Published data shows that Sunkist had sales of \$9.6 million in 1979, against a \$10.8 million loss.

Sales reached \$21.5 million in 1980, against an \$11.7 million loss. Results for 1981 show \$33.7 million in sales and a \$4.7 million dollar loss.

The 1981 annual report states that Sunkist Soft Drinks operated with a profit in the last quarter of the year,

and says the division "has turned the corner."

Sunkist's advertising strategy has been primarily local while it moved out to national distribution. In 1979 and 1980, spot television and radio were the exclusive media choices for

the brand. Last year the media selection was more national, as distribution for regular reached 93% of the country, and diet had reached 64% of markets.

Sunkist has definitely not lost sight of the necessity for strong local pro-

### Storyboard for tv commercial features young people getting "good vibrations" out of Sunkist.



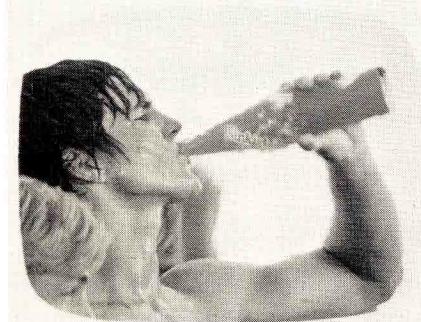
MUSIC: (GOOD VIBRATIONS) Good  
Good Good



Good Vibrations



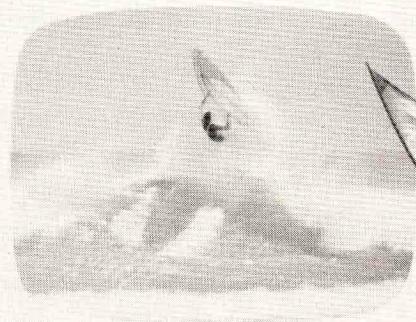
Sun and surfing excitement



call for Sunkist®



good vibrations.



Bubbly orange jubilation



Sunkist® Orange Soda



taste sensation



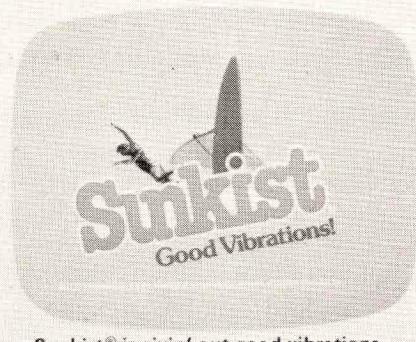
Sunkist® is givin' out good vibrations.



Bubbly Orange



jubilation



Sunkist® is givin' out good vibrations.

grams that the regional bottler can depend on and merchandise to the retail trade.

The ground work for success was laid by three individuals, Sunkist Soft Drinks, Inc. president Mark Stevens, vp-national sales Peter Murphy and treasurer Ray Sisson. Murphy has reminisced about the company's start in 1977 in previously published material: "There were just three of us, Stevens, Sisson and me. Before we moved into these offices, we were in a basement for three months and spent all our time doing market research."

Three key questions had to be answered, he related: would consumers like the drink? would it achieve repeat business, and would it maintain strength across seasonal lines?

Their research showed a substantial market for an orange soda of 330 million 12-ounce cases in 1977, accounting for 7.5% of U.S. soft drink volume. Orange Crush and Fanta each had a 1% share. But even Fanta, at best, had 70% national distribution, and through bottling companies that had little enthusiasm for the product. New York Coca Cola, which bottles Fanta, did little or no merchandising or promoting for the brand. Neither the Los Angeles nor Houston Coke bottler handled Fanta. It was a vulnerable brand.

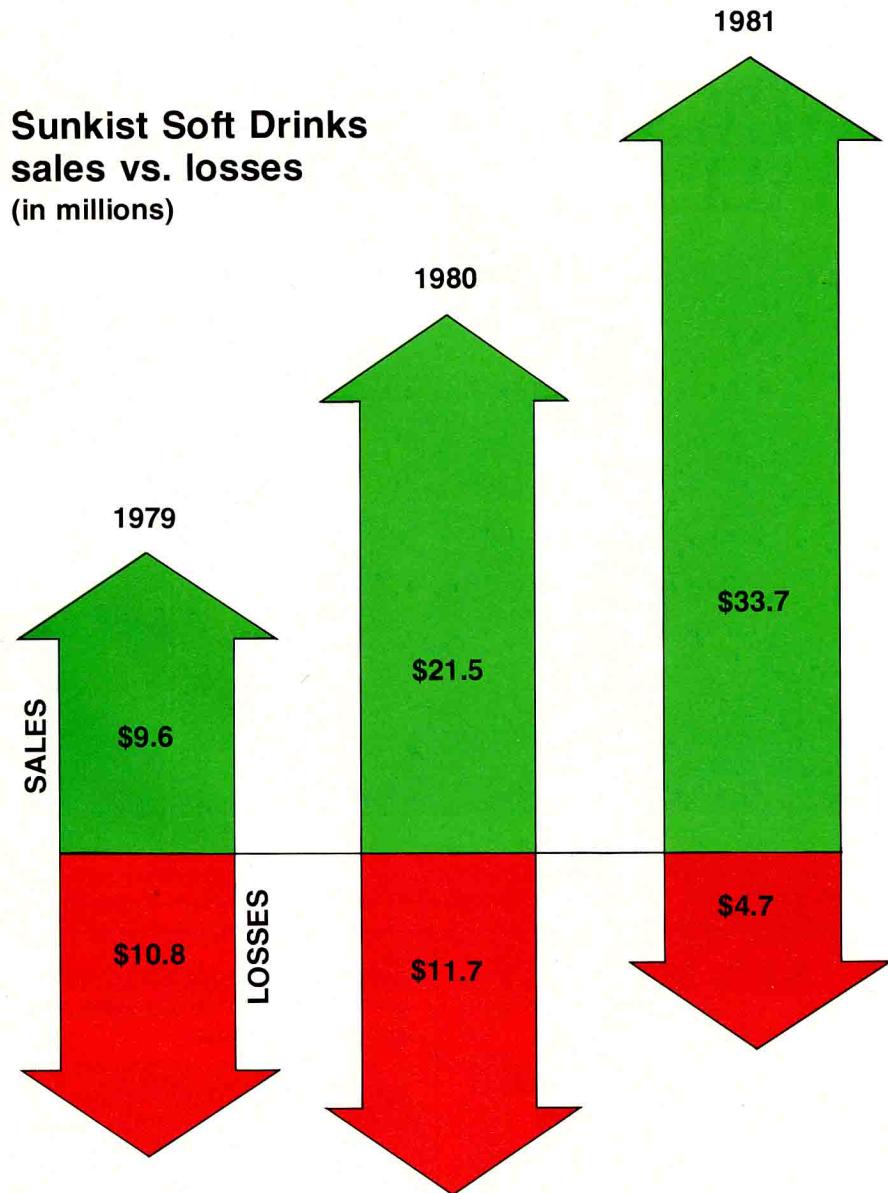
Orange Crush was distributed in 65% of the country, and also seemed vulnerable to a solid marketing entry.

Continuing the story, Murphy explained: "We had a 33-week schedule to open in six lead markets, by May of 1978. In that time period we had to plan marketing, advertising, package design, and most important, arrive at our final product form from the 36 different formulations we started with. Well, we made it," he said.

President Mark Stevens then developed the theme: "There's an art to new product development. Taking famous brand names associated with flavor excellence and transplanting them into other brands has been done in the food industry — for example: Dole pineapple upsidown cake under the Betty Crocker label. But it had never been done in the soft drink industry prior to Welch's.

"We made a hefty commitment to research and development. The orange

## Sunkist Soft Drinks sales vs. losses (in millions)



soft drink market is a \$1 billion-a-year retail business and certainly justifies a national brand," he explained. "We aimed to build our product with national brand equity."

Stevens also extols the decision to focus exclusively on the orange flavor category in what he calls a rifle shot approach. And there are several ways to go at that. "One is an attempt to create a new taste category with new flavor appeals (say apple or pineapple).

"Such an entry is quite bold and

much more difficult than the second type, brand innovation within an established category of consumer interest. In the latter, you identify an existing flavor preference, like the 100 year old interest in carbonated orange drinks, and then you go after that market aggressively, as we're doing. The risk is lower with this type of entry; I feel it's a superior alternative and can provide something that will last," Stevens said.

Stevens also sees flavor specialization as an expected development —

one that has occurred before in many packaged goods product categories. "Specialization trends in the soft drink industry are following those in other established packaged goods industries. In the breakfast cereal business, for instance, consumers buy from a pool of about six brands. Any brand that cracks that pool is a success. In the soft drink industry, consumers also generally remain loyal to a pool of a few brands. Sunkist is cracking that pool instantly."

Stevens assures, "We have no intention of being a flavor house."

Stevens attributes the success of Sunkist to the total package that has been designed to bring the product to market. "The success of the brand depends on so many things working together — the heritage of the Sunkist name, the Beach Boys, the selection of bottlers, our own bottling operation, the quality of the product itself," he told *Decisions*.

Creative for the campaign, which now seems so naturally associated with the brand, just didn't fall into the company's lap as a gift from the gods. "Our agency, Foote, Cone and Belding, Chicago, came up with about 600 possible campaign ideas. That number was studied and winnowed down to about 60 ideas. These were tested on consumers at shopping centers and other consumer locations. And out of that, the 'Good Vibes' execution proved to be the winner. It won on the basis of recall and effect on sales," Stevens said.

Selecting media for the campaign proved to be less problematic. It is a classic example of using local opportunities to the best advantage while avoiding the astronomical costs of a national broadcast campaign. Sunkist, with FCB, focused on spot television and spot radio, paying only for those markets where it has distribution.

A key factor in sticking with broadcast, Stevens said, is the musical theme, the Beach Boys hit "Good Vibrations": "The music is very important. That's the main reason why we have stayed out of print."

The use of spot tv is usually associated with a roll-out mode; this is one reason that Sunkist used it so extensively in its introduction. But there are other factors. Spot tv also allows

## Sunkist takes the caffeine out

Being typically one jump ahead of the market and the times, Sunkist decided late last year to remove the caffeine from its soda. The furor over caffeine broke in March when Seven-Up announced a new advertising campaign in which it would make the absence of caffeine in Seven-Up a major consumer product benefit.

Simultaneously, Royal Crown announced a new caffeine free cola to supplement its dietetic caffeine-free RC 100. And two weeks later, Seven-Up got into the act again with the introduction of a new caffeine-free cola under the brand name, Like.

While caffeine has not been proven a health hazard, some beverage consumers would prefer to avoid it because of its effects on the nervous system and general mood. Most soft drinks, including Coke and Pepsi, and even the lemon/lime flavored Mountain Dew and Mello Yello include caffeine.

Sunkist president Mark Stevens explained why Sunkist decided to remove the caffeine from its product: "In our experience, caffeine was a moderately controversial issue as a food flavoring ingredient. To this day it is still more of a controversy although it has been used as a food additive for over 4,000 years.

"But in 1980, we found a substitute formula. Out west, we simply omitted the caffeine, but we were never satisfied with the performance of the product and consumer acceptance without the caffeine. We set about finding natural flavor ingredients that did the same job as the caffeine did. In 1980, we found that formula."

Sunkist to tailor media schedules and weight to the needs of the individual bottler and market and get the maximum reach for its dollars by going in on a 50/50 co-op basis with bottlers.

Some network television has worked its way into Sunkist's 1982 schedule, but this year the company remains primarily a spot advertiser.

Stevens explains that the company wants its introductory phase to be complete before it ponders any kind of commitment to network television.

But while the company did eschew consumer print, that medium wasn't overlooked for promotion to the trade. Sunkist used an unusually heavy schedule of four-color print ads in the beverage industry trade magazines. The copy in these ads consistently underscored the remarkable growth of the brand in three years. And the ads pressed home a point that Sunkist has an 80% repeat purchase rate, one of the most remarkable of any beverage.

Larry Vodak, account supervisor at FCB said, "We relied heavily on the trade publications in comparison with the rest of the soft drink industry."

The future for the brand looks exceptionally bright. John Stacy's *Beverage World* analysis makes most of the major points:

"We believe that Sunkist has set a new course and given the industry a more comprehensive paradigm for brand development. And not just for fruit flavors . . . but any flavor. It tilts the balance in favor of the dedicated (one flavor) brands' as well as accelerated, full scale brand development.

"This means a megabuck investment . . . and mostly investment spending up front. It means a clear precise definition of market. In essence, 'rifle shot marketing.'

"Finally, it means a very strong continuous focus on the marketing fundamentals of soft drink marketing: the bottler and local market effort as well as an approach to reach the total market; retail, fountain and vending. Certainly, there are other brands that also can be used as a case history for successful brand development, but none have demonstrated the accelerated and fine-tuned approach compressed into a few years of time frame as Sunkist did."

*Fred Gardner*