

The creation of Pomegreat



Pomegranate to Pomegreat

The year is 2004 and the worlds first super juice was about to launch. Pomegreat.

It was first to market and has capitalised on this first mover advantage to become the fastest growing juice drink brand in the UK.

This growth has been spearheaded by a passionate entrepreneur and a dedicated small team of marketing professionals operating outwith

the often constraining corporate environment.

charteredbrands was introduced to the founding partner, Adam Pritchard, and his business RJA Foods in June 2004. At this point the brand turnover was only £10k with limited listings in the health food channel and a small number of Waitrose stores.

There was a clear fit between the charteredbrands model and the requirements of Adam.

charteredbrands specialise in buying either non core brands from larger organisations, or investing in young brands that need a business infrastructure and working capital support.

There was an immediate personal connection with Adam, important when personality is part of the brand and where you need a strong front man for the brand.



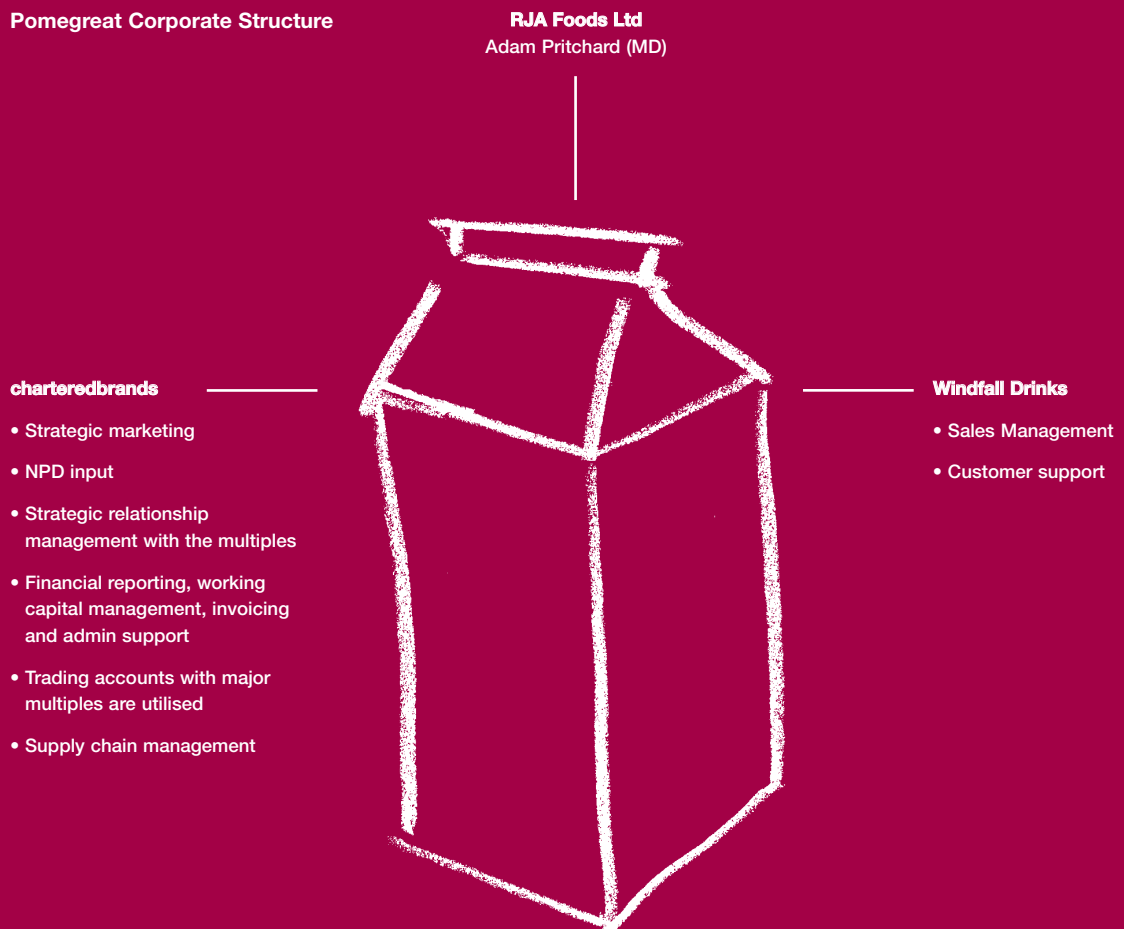
Importantly, the charteredbrands model defines Brand Management in its broadest commercial sense.

We see Brand Managers as the Managing Directors of a brand and therefore believe their responsibility goes well beyond the narrow remit of communications. Our submission reflects this. We see marketing

and the brand development task, as managing a brand in broad commercial terms.

Uniquely, Pomegreat is managed as a virtual business, with three key partners. It is a novel approach to the management of consumer brands (see below).

Pomegreat Corporate Structure



“charteredbrands are an excellent partner for us. They have world-class skills and I truly believe that together we will make Pomegreat great.”

Adam Pritchard: MD RJA Foods

Pomegreat Business Objectives and Strategy

The business plan was established in 2004 with the following objectives:

Mission

- Establish a business that could be sold for £10m by end 2006/7

Objectives

- £5m sales within three years
- 10% EBIT
- Establish 2+ significant international markets by end 2005/6
- Prompted consumer awareness of 25% by end 2006

Source: Pomegreat Business Plan 2004

The charteredbrands model requires that all partners in a business have a consensus regarding the strategy for any brand from the very outset.

The agreed strategy for Pomegreat was '**Builder Bull**', developing a brand that has longevity. Our objective was to develop the brand to a point at which it could secure second stage funding that would support a step-change marketing investment. For this to happen the brand would have to be trading profitably with a turnover of at least £5 million.



Key Insight

Organisational and personal fit were key considerations in chartered brands' involvement with Pomegreat, but the major driver was that we saw the brand played to several key motivators in consumers' juice consumption.

- Consumers are increasingly experimental and always on the lookout for something new. Increase in consumption of fruit juices outside mainstream flavours went from 11% in 2000 to 16% in 2004. Source : Mintel 2004
- Key market drivers in juice are **health** and **functionality**, both of which Pomegreat has. It is the **only** juice drink with **no added sugar**. It is also clinically-proven to **improve heart health**.
- There was no pomegranate juice already on the market – so an opportunity to establish a niche existed. As with all successful launches it has now attracted competitors.
- Importantly, Pomegreat is also a great tasting refreshing drink, such that it is not seen as a 'medicinal-dosage' product.



Pomegreat – Health commentary

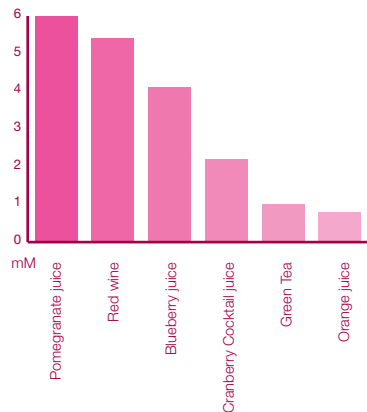
- The juice from pomegranates is a powerful antioxidant. Studies show that pomegranate juice has more polyphenol antioxidants than any other drink.
- It is the only fruit drink to be endorsed by the country's leading cholesterol charity, Heart UK.
- One 250ml glass of Pomegreat provides half an adult's RDA of the health-giving vitamins A, C and E.

- Pomegreat juice provides 100% RDA of folic acid. It also provides a substantial amount of potassium and niacin.
- The combination of the unique flavour and its health benefits, have ensured a strong consumer proposition for pomegranate juice.
- Pomegreat is free from artificial colourings, sweeteners and preservatives.

Source : Literature search

From: Aviram, M. 11th Biennial Meeting of the Society for Free Radical Research International Paris, 2002

Powerful Antioxidants (Polyphenols)



A number of market insights helped quantify the opportunity for the brand:

- Strong growth in the UK fruit juice/ juice drinks market continues. Overall sales volume increased by 34% between 1999 and 2004 (2.15 billion litres).
- Market value increased by 36% between 1999 and 2004 (£2.32 billion).

- Fruit juice accounts for an estimated 54% of total market volume and 61% of value in 2004.
- Drivers of growth in the juice sector include trends towards healthier eating, natural products, premiumisation and functionality.
- The juice drinks sector is a highly-branded and fragmented category; top five brands account for a third of volumes (Ocean Spray 9%,

followed by Robinsons, Ribena, Capri-Sun and Sunny Delight. Own-label 41%).

- NPD within the pure juice sector focuses around health/functionality, juice flavour and quality, packaging and ethical image, while in the juice drinks category health, naturalness/ juice content, packaging and segmentation are of significance.

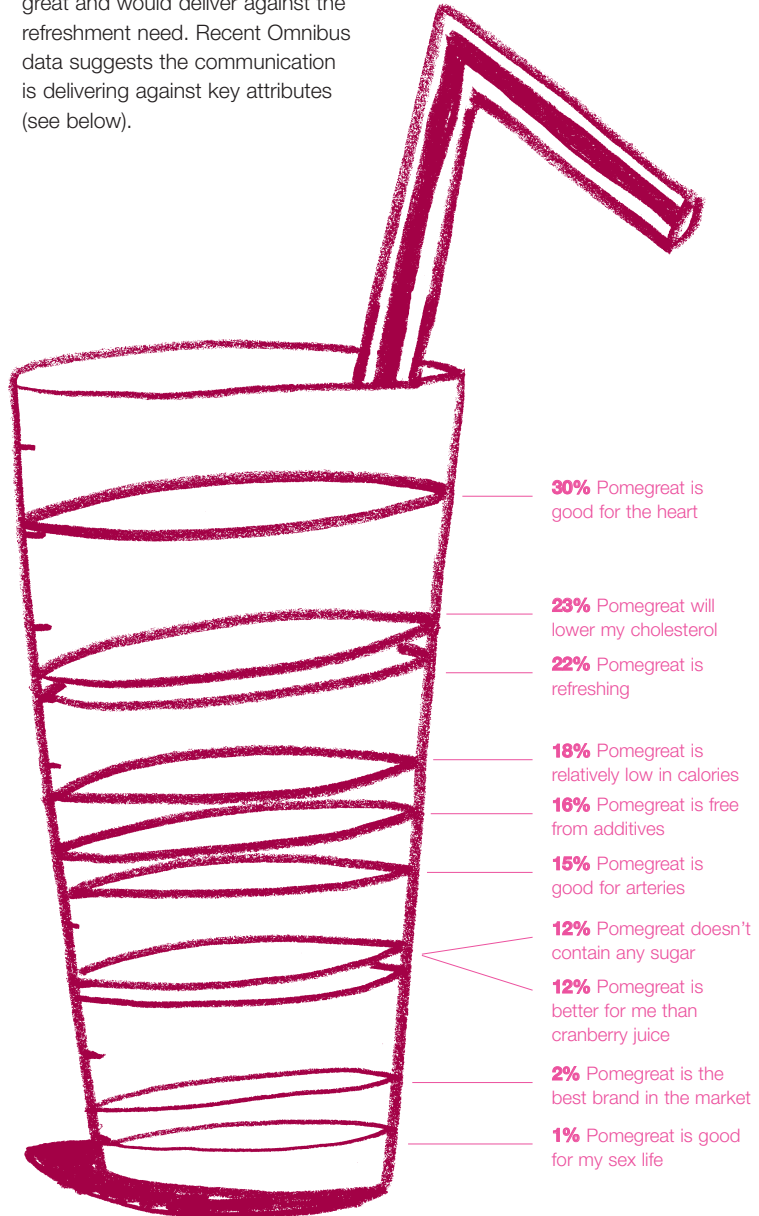
Source : Mintel 2004

The initial brand positioning has centred on the heart health benefits from pomegranate juice. This provided a key differentiator for the brand.

The tone of voice in communicating this health message has been key. If the health message was seen as too worthy or medicinal, the brand could become a niche health drink. Since our ambition is to emulate the success

of Ocean Spray it is important that Pomegreat is seen as a mainstream juice brand. Refreshment is key in this respect, so we had to convince consumers that this brand tastes great and would deliver against the refreshment need. Recent Omnibus data suggests the communication is delivering against key attributes (see below).

Positioning Strategy

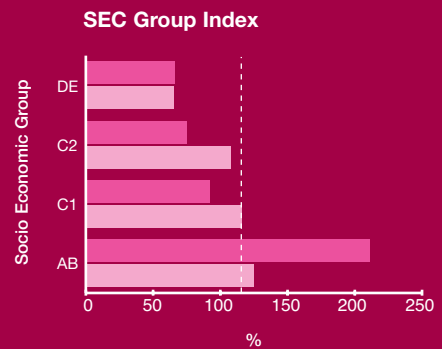
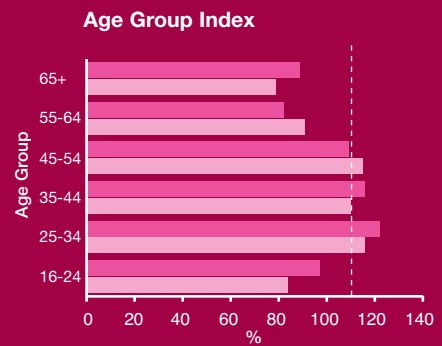


Brand Attribute Ratings

Source: Omnibus w/e 16/01/06

The targeting decision was of particular importance. The health benefits of the brand gave it particular relevance to a slightly older upscale consumer, and this has been the focus for our communication efforts. The core target is 25 – 54 year olds ABC1 with a bias towards women. This focus is reflected in usage.

Pomegreat Targeting



■ Prompted Awareness ■ Penetration

As a young brand it was appropriate for us to focus our communication efforts on PR, trial activity, partner marketing and online.

The PR activity was critical to build credibility in communicating the health message. The strategy comprised a balance of a heavy-weight media relations campaign to create 'talkability' around the pomegranate fruit, product

placement, and regular dialogue with high profile food journalists and key influencers to generate both trade and consumer coverage and trial.

The tactics involved:

- Development of the Pomegranate Information Bureau, an informative online source for consumers and journalists communicating the health benefits, mythology and recipe guides for pomegranates.

- Proactive promotion and development of Pomegreat news stories, tried and tested features with all relevant food, drink and lifestyle press.
- Product placement at key influencer events including the Sunday Times Style Party, London Fashion Week, celebrity weddings.

Communication Strategy and Execution

- Capitalising on third party endorsements and using key nutritional and lifestyle personalities to promote the brand including Dr Richard Bogle, Cardiologist at Hammersmith Hospital and Charmaine Yabsley, Ex-editor of Good Health, Daily Mail
- Reacting to news, journalist requests, key dates or seasonal focuses

- Promoting any news and product developments to trade press
- Pomegreat awarded best New Food and Drink Product by Holland and Barratt

The PR results have been exceptional:

- Coverage achieved: 249 pieces of print coverage (national newspapers, consumer press, regional newspapers)

- 18 pieces of on line coverage
- 35 pieces of broadcast coverage (radio and television)
- 32 pieces of national newspaper coverage reaching over 32,559,000 people in Great Britain. This represents 69% of GB adults and a Pomegreat mention was seen on average 3.6 times each creating over 117,919,000 opportunities to be influenced by the editorial (OTS).



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Trial activity has focused on instore sampling. Uncertainty regarding the taste of Pomegreat is a major barrier to purchase and refreshment is such an important driver of purchase in juice that tasting activity has been vital. Instore activity has taken place in Morrisons, Sainsbury's and Boots. Uplift has been x20 on the day of the sampling.


Partner marketing has been key, as it has allowed us to leverage the spend of bigger brands. A partner sponsorship programme with the

Fitness First 'New You' awards has been particularly successful with Pomegreat listed in all gyms, supported by branded fridge units and six foot cardboard bottle point of sale stands. Even the fitness instructors were branded with Pomegreat polo shirts.

Another successful partner marketing effort was the development of 'Pom Star' cocktail offering in conjunction with Diageo. This is in the process of being registered as a separate brand name.

Online has allowed us to be targeted in our communication, reaching in particular health conscious women.

- Pomegreat website developed & relaunched in May 2005.
- Traffic in May 2005 averaged around 300 visits a month.
- Pomegreat brand growth reflected in increased number of visits averaging 3,000 by December 2005.



— red
berries

— blue
berries

Product

Not From Concentrate. 70/30 blend of pomegranate and grape juice sourced from India which has a deeper red colour and sweeter taste. No artificial ingredients. 750ml tetra rex carton. £3.29 retail on par with Innocent, but better value per ml.

Rationale

Line extends Pomegreat into high growth NFC chiller category. Reinforces ownership of the pomegranate category. Will eliminate POM Wonderful which sells at £3.29 for 473ml PET bottle.



Product Development and Innovation Strategy

The pace of NPD has been rapid and extensive. Within eighteen months of launch two further variants of the 1 litre carton have been launched: pomegranate & blueberry, and pomegranate & raspberry.

Line extensions have focused on red berries as this further substantiates the health claims. Given the primary brand target is women aged 35 and over buying from supermarkets, the

focus has been on developing the 1 litre carton format.

As a secondary objective, younger consumers using impulse channels and on-trade premises have been targeted with 330ml single-shot bottles.

Finally although the ambient juice category has been sluggish in recent years, the chiller category has been posting strong growth, driven by brands such as Innocent and

Tropicana. Pomegreat launched a Not From Concentrate (NFC) in January 2006 (see above). It has confirmed listings in Waitrose, Sainsbury's, and Tesco, and would have full grocer listings were it not for the limited availability of the juice. From an initial idea in August we achieved product on shelf in January, again demonstrating the ability of our virtual company to move faster than the competition. **In all of this development we have never compromised on quality.**

Pricing Strategy

From the outset Pomegreat has been positioned as a premium brand. With a retail price point of £1.39, it is 40 pence more expensive than its nearest ambient juice competitor. This has a number of benefits:

- It allows us to present a strong category story to retailers. Pomegreat is building value into an ambient juice category that has been flat. It delivers higher

cash margins to retailers than any other brand.

- It has allowed us to secure marketing support from Tetra Pak, who again see the value in a brand that can demonstrate a price premium on their Tetra slim carton.
- Pomegreat gross margins are significantly higher than any competitor brand. This means that we are able to reinvest in brand support.

In 2005 there was no price

promotional activity. Due to higher concentrate prices a price increase was presented to the trade in November 2005, which resulted in the retail price point moving from £1.29 to £1.39 from the end of December. There has been no rate of sales decline since this increase, confirming that Pomegreat truly is an added value brand. Pomegreat, a brand only two years in existence, leads the whole category in positioning price increases.

Strategy Pricing & Distribution

Distribution Strategy


Despite huge international interest, the UK is our focus market. Although the brand was initially available in the health store channel, the key channel is multiple grocers. The distribution build since early 2005 has been exceptional. It is all the more impressive as all service standards to these high volume customers have been met. We have never had an out of stock. chartered brands, as a company, has expertise in Cash & Carry and delivered wholesale channels.

In 2006 our focus is to develop these two channels for the Pomegreat brand. In response to customer feedback a special 6 x 1 litre pack was developed exclusively for these channels. Full listings have already been confirmed with Makro and Booker, which will help develop the independent trade, both on and off-trade.

Since much of Ocean Spray's growth came via on-trade drinking, we have also focused on developing key multiple accounts via a cocktail strategy. Working with the Diageo

brand Pimms, the Pimm Pom cocktail has been featured in All Bar One. Similar off-trade activity has been achieved with Plymouth Gin.

With the UK moving forward well, we have now turned our attention to international markets. To ensure continued focus we have majored on four key markets. The first international order for two containers of 330ml was received from the largest Swedish retailer ICA in September 2005, thereby further extending the reach of the brand.



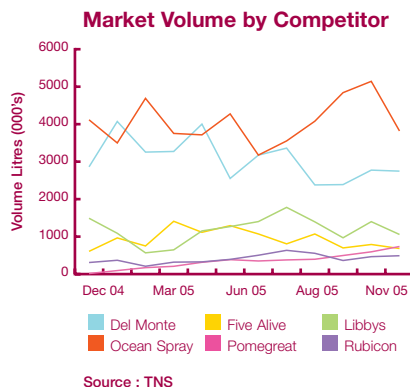
829,600

Pomegreat has been bought by
close to one million households
(approx 829,600) in the UK

Although as a young brand we do not have an extensive battery of metrics, we are able to demonstrate that within 18 months we have far exceeded the original business plan expectations.

We measure this success using five key metrics, two of which are also stated objectives for the business (awareness and sales).

- a. Awareness and Penetration**
- b. Sales**
- c. Distribution**
- d. Price Premium**



Results

a. Awareness and Penetration

Pomegreat has achieved outstanding results in terms of awareness and penetration. From 2004 to 2005 we have increased brand awareness from 0.8% to 12.6%. We have also converted one in every three consumers who are aware of the brand.

b. Sales

Pomegreat is the fastest growing juice brand in the UK and is on target to achieve the business plan revenue targets this financial year. Superpanel data shows that it has now overtaken

Five Alive and Rubicon in terms of market share (see above).

c. Distribution

Much of this growth has been driven by new distribution, but importantly in every account Pomegreat is more than exceeding rate of sales hurdles set by retailers. Distribution growth has been exceptional, but there are further opportunities.

A year ago, Pomegreat was listed only in Waitrose and Sainsbury's and a few independent health stores. Today, it is listed in all the major multiples and has already

secured listings in the Cash & Carry and delivered wholesale channels.

Growth is across all customers. Sales have grown 7000% since June 2004 with little promotional activity. Sales value is currently running at double the target set in the business plan.

d. Price Premium

Commanding a price premium is a key indication of strong brand equity. Pomegreat achieves this and with a price increase in December 2005, continues to drive value into the juice category. It is the only brand able to sustain this premium (and margin) in the category.

In the six months since the Pomegreat story has been written, the brand has gone on to overtake Ocean Spray in the multiple grocers. It is now the UK's number three juice drink brand.

Sales at retail have grown by 500% – since the writing of the case – and the revenue for 2006 is estimated to grow by a massive 300% over last year.

A significant press and poster advertising campaign has been launched (see below).

New packaging has been developed and we've added 7 SKUs to the existing range.

And as all things pomegranate continue to surge, Pomegreat is leading the way.

Summary



Each carton contains an outrageous amount of antioxidants. That's why we called it Pomegreat not Pomeaverage.

The actual Pomegreat for drinking.

If the carton was bigger, we would have called it Pomebloodybrilliant.

It is called Pomegreat for drinking.

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