

### **CASE STUDY: Oscar Mayer Kraft Foods North America, Inc.**

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#### **Background**

Kraft Foods North America, Inc. is the largest packaged branded food and beverage company headquartered in the U.S. and the second largest in the world. Its portfolio includes hundreds of brands, such as Velveeta, Kraft Macaroni and Cheese, Oscar Mayer, Nabisco, Post, Kool-Aid, and Maxwell House.

In 1999, Kraft Foods noticed its Hispanic share was not growing as fast as its overall share in some categories. This situation served as a strategic "call for action" given the double-digit growth of the Hispanic population. Kraft acted promptly by changing marketing strategies and embarking on an in-depth analysis with the Hispanic consumer and key decision-maker-the Hispanic Mom.

Kraft marketing managers enlisted the support and involvement of their senior management with the following objectives. Develop culturally relevant marketing programs which:

- Enhance the quality of Hispanic Moms' lives
- Create an emotional bond between Kraft brands and Hispanic Moms
- Are embraced by retailers as unique and value added

#### **Marketing Challenge**

The Hispanic consumer opportunity presents a classic marketing challenge for Kraft and others-effectively applying target marketing. The cornerstone of Kraft's success is rooted in understanding how to identify key target groups and tailor marketing efforts to the target's specific needs and concerns.

The first step in achieving these objectives was to identify valuable consumer insights about Hispanic Moms. In other words, understanding not only her eating and cooking behavior but also uncovering emotional consumer insights that explain her life motivations, her dreams, and her wishes for herself and her family.

#### **Research**

Kraft thought it beneficial to communicate with several key family "decision makers" or "influencers" at the same time, crossing generations and centered on fun and nutritious foods. Even armed with these insights, growing Kraft share depended on speaking to Hispanic women through her different roles-mother, wife, sister, daughter.

For this task, Kraft Foods relied on leading-edge consumer insights and experts that understand the Hispanic culture. First, the company identified the Hispanic strategic-value target by using the then newly created Los Angeles ACNielsen Homescan Hispanic panel. The panel provided actual Hispanic consumer grocery purchases that were linked back to key demographic variables, shopping habits, and language preference. Second, Kraft embarked on a series of ethnographic consumer interviews with Hispanic Moms, where participants spanned not only across key Hispanic geographies, but also across varying levels of acculturation. The Market Segment Group confirmed this recently with research indicating that Hispanics are 76 percent more likely to buy products from companies that contribute to their communities than from those that do not.

### **Strategies for Success**

**Relevant Grassroots Presence:** The company had long established important relationships with key Hispanic leaders at the national level and in key Hispanic geographies, and a history of serving as a major underwriter of Hispanic advocacy programs and organizations. However, in several areas Kraft went beyond usual sponsorships, instead negotiating brand signature programs that also appeal to the dreams of Hispanic moms. One of these programs is the National Council of La Raza's Kraft Community Service Award that honors Hispanic actors or entertainers that promote positive Hispanic roles featured at the annually televised ALMA Awards. Previous honorees include Andy Garcia and Rita Moreno. The honorees also joined Kraft in presenting a corporate contribution in their name to a local Hispanic advocacy organization.

**Local Marketing Initiatives:** In 2001, Kraft initiated a unique local marketing strategy in four key Hispanic geographies: Los Angeles, Chicago, New York, and San Antonio. By localizing marketing efforts, Kraft could effectively reach 55 percent of the total Hispanic segment while customizing the approach in each selling area. In addition, Kraft could also respond to retailer partnerships, specific Hispanic regional differences, and levels of acculturation. Kraft already knew the advantages of coupling these two approaches with effective local community efforts and programs.

The local development and support of brand initiatives allows Kraft to create continuity and relevance to Hispanics. Such successful corporate efforts include local public relations elements that facilitate an emotional connection with the target while building brand recognition and loyalty. This local marketing strategy has proven extremely successful for Kraft, as both share and brand sales have increased dramatically. In 2002, these efforts were expanded to Northern California, Phoenix, and Houston.

**"In-Culture" Integrated Marketing:** Kraft-sponsored public relations efforts were integrated with in-store retail offers and culturally relevant promotional and marketing programs at grass roots events. National programs, such as Kraft/Sears "Win a Dream Home" Sweepstakes, and Kraft's Comida y Familia recipe and coupon insert were also paired with localized Hispanic retail and brand initiatives that spoke to the specific Hispanic demographic profiles and cultural practices in each target area.

For example, in Los Angeles, Kraft created promotional programs that highlighted its knowledge of Hispanic interests in family sporting events, entertainment and recreation, that crossed generations, and that spoke to all of Kraft's Hispanic targets in that one geography. Although retail and brand focused, these programs also provided opportunities for Hispanic consumers to win college scholarships, meet Hispanic celebrities and role models, and promoted reading.

### **Oscar Mayer Delivers for Hispanic Moms**

Oscar Mayer is a Kraft brand whose team is committed to understanding the Hispanic consumer and building cultural relevance with the brand. Although all members of Hispanic families consume hot dogs, kids are the major drivers. Because the U.S. Census 2000 projections indicate that one in every five children will be Hispanic by the year 2005, this is an important audience for the brand.

Oscar Mayer's research indicated that Hispanic moms want to maintain close family ties and be good mothers by providing for their children's success in life. The Oscar Mayer brand speaks readily to their desire to satisfy and provide fun foods for their kids. Hispanic consumers embraced the new brand positioning that Oscar Mayer products are high quality products that are family oriented, fun and pleasing to kids. This positioning was supported with a new advertising message for the Oscar Mayer brand.

## Creative Strategy

**Drawings/Story Boards:** The Oscar Mayer team, with assistance from its Hispanic advertising agencies, successfully launched the TV spot Drawings in August 2000 throughout key local selling areas (Miami, San Antonio, Los Angeles). The TV ad was supported by radio in the continuity areas and then expanded to New York.

**Media and Promotional Strategies:** In 2001, Oscar Mayer's media objective was to achieve effective reach levels to increase share among Hispanic consumers while increasing brand loyalty. A mix of television and radio were used to achieve this objective. The media strategy delivered the necessary brand penetration and message positioning to introduce the Oscar Mayer brand to new Hispanic consumers while local retail promotional events and radio remotes reinforced the brand with existing consumers.

This advertising strategy was executed in concert with the Oscar Mayer Hispanic talent contest nationally and in an expanded form in the top five Hispanic markets. The contest: Singing for Fame or Cantando Hasta La Fama© invited children aged 4 to 10 to perform a rendition of the Oscar Mayer Spanish jingle at selected community organizations or at local retail locations. The program selected two finalists for \$5,000 college fund awards and gave one grand prize \$20,000 grand prize to a young talented performer. The program underscored the high value Hispanics place on educational attainment while Oscar Mayer facilitates the entire family's desire to make young dreams come true.

Oscar Mayer also made the program successful by selecting young college graduates to serve as Hispanic brand ambassadors. These young Hispanics promoted the brand and executed the program locally while serving as role models to the performing children. Another exciting component included the participation of Hispanic celebrities such as salsa star, Tito Puente, Jr., and the Grammy nominated performer of traditional Spanish children's songs, El Morro.

Kraft encouraged the involvement of local retailers in Hispanic initiatives. This strategy has proven successful especially when tied to national Hispanic marketing efforts. Retailers participated in hosting Oscar Mayer's *Hasta La Fama* auditions and with local radio promotions thereby increasing the visibility and relevance of the brand to Hispanic consumers.

## Results

The messages were reinforced through the public relations program-*Hasta La Fama* contest-and additional coverage garnered through TV, radio, and print outlets. Media impressions for these efforts were estimated to reach over 25 million people in 2001, an increase of 77 percent from the previous year's program. Event highlights appeared in and on magazines.

Radio news releases were created to promote the 2001 *Hasta La Fama* program highlighting the 2000 contest winner extending the program reach to 17 additional Hispanic market areas.

The new creative and focused marketing strategy led to increases in both share and brand sales. Penetration of the Oscar Mayer brand in key Hispanic geographies increased by nearly 30 percent.