

Cassies 2007 Cases

Brand/Case: Vex

Winner: Sustained Success—Bronze

Client Credits: Vincor Canada – A Constellation Company

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Agency Credits: GJP Advertising

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Crossover Notes: All winning cases contain lessons that cross over from one case to another. David Rutherford has been identifying these as Crossover Notes since Cassies 1997. The full set for Cassies 2007 can be downloaded from the Case Library section at www.cassies.ca

Crossover Note 1. What a Brand Stands For.
Crossover Note 2. Brand Truths.

To see creative, go to the Case Library Index and click on the additional links beside the case.

EXECUTIVE SUMMARY

Business Results Period (Consecutive Months): March 2005 (F'06) – February 2007 (F'07)
Start of Advertising/Communication Effort: May 2005 (F'06)
Base Period for Comparison: March 2004 – February 2005 (F'05)

This is a story of how an edgy and irreverent brand set its sights on becoming a top three category contender, displacing a long-standing leader. It did so without the benefit of a large advertising budget or the flexibility to sacrifice short-term margins for speculative long-term gains. The case covers a two-year period from March '05 (the beginning of F'06) to February '07 (the end of F'07). In total over the two years VEX grew by 24.69% in volume, contrasted to an overall category decline of 2.45%.

SITUATION ANALYSIS

a) Overall Assessment

When VEX launched in 1999, its mission was to surpass Mike's Hard Lemonade (the established category leader) with a unique formula – bold packaging, flavour innovation, a six-pack format and an edgy brand character.

The period from March '04 through February '05, however, was forgettable for the spirit cooler category. Volume declined 3.1% year-over-year following anaemic +0.6% growth in the previous 12 months. The key summer sales period had the same trend at -3.4% and +0.06% respectively:

<i>Year</i>	<i>Volume Growth (Annual)</i>	<i>Volume Growth (Summer)</i>
March '03 – February '04	+0.6%	+0.06%
March '04 – February '05	(3.1%)	(3.4%)
Cumulative	(2.5%)	(3.3%)

VEX was positioned as an edgy alternative outside of the mainstream. With no ad support, it had 9.93% share of market in February '05 (7.4% through the summer) ranking outside of the top three. The top seven brands by 9L case volume (000's) were:

<i>Brand</i>	<i>Share of Market by Volume (end of F'05)</i>	<i>Share of Market by Volume (Summer F'05)</i>
Smirnoff Ice	27.65%	24.17%
Bacardi Breezer	16.55%	18.54%
Mike's Hard Lemonade	11.78%	12.24%
VEX	9.93%	7.40%
Smirnoff Twisted	8.82%	9.35%
Woody's	7.44%	8.78%
Seagram	6.34%	6.80%
	88.51%	87.28%

A necessary question to ask was: did it even make sense to invest in the VEX brand? We believed so. Qualitative research at the end of F'05 confirmed that new drinkers were more adventurous and open to brand exploration—and early concept testing confirmed that irreverence, edginess and humour would increase overall awareness and purchase intent among the 19 to 29 year old target. **Crossover Note 2.**

b) Resulting Business Objectives

Leading into F'06, the business objectives were:

- To place among the top three brands by volume by the end of F'07
- To grow volume by 20% through the end of F'07
- To improve (not simply maintain) brand profit margin

c) Budget Range/Share of Voice

This summarizes the annual media budget and spending:

- F'06 \$190,000K
- F'07 \$200,000K

The advertising was concentrated in Toronto, Ottawa, Calgary, Edmonton, Hamilton, Moncton and Halifax.

STRATEGY & INSIGHT

When it was first introduced in 1999, Vincor created VEX as an alternative to Mike's Hard Lemonade – with bold packaging, flavour innovation, a six-pack format and a more intense brand character than Mike's "sweet and tame" image. At that time, brands lacked an attitudinal edginess that 19 to 29 year olds craved. ¹

Vincor understood that long-term success in the category required constant innovation. Research confirmed that the VEX target is always looking to step out of the mainstream. This led Vincor's product management to look for radical new flavours—like Orange Mango, Blueberry Raspberry, Strawberry Pineapple, Orange Pineapple, Kiwi Mango, and the first three-fruit concoction: Strawberry Orange Banana. However, as much as taste innovation was essential, advertising could create even greater distinctiveness.

The VEX audience are fun, social, easy going people who love a good time. VEX itself is gender neutral (which is counter-intuitive in a category that focuses mainly on women).

VEX would give men (a lucrative, high-volume consumption segment) permission to drink VEX too. This catalyzed the following creative thought: **Crossover Note 1.**

“VEX. Always part of a good time.”

¹ 1999 VEX Strategic Analysis

There were three communications objectives:

- ☑ Capitalize on VEX's unique brand personality
- ☑ Leverage the VEX name to build awareness and recognition
- ☑ Introduce and support innovation with new VEX flavours and format

CREATIVE EXECUTION

With a limited budget, the creative had to work harder. The suggestive nature and fun in the advertising reinforces VEX's edgy brand character, while supporting specific flavours and/or format innovations.

F'06: Black Cherry Flavour

**THE DOG LIKES
WATCHING US
HAVE VEX.**

NEW VEX
6 FOR THE PRICE OF 5
BUY 6 GET 5 FREE

**New BLACK CHERRY
PEAR LEMONADE!**

More Cooler. Less Money.

F'06: Strawberry Pineapple Flavour

**SOMETIMES
I WATCH HER
HAVE VEX WITH
MY FRIENDS.**

*New STRAWBERRY
PINEAPPLE LEMONADE!*

More Cooler. Less Money.

VEX
LEMONADE
70% JUICE

6 PACK 1.5 LITRE BOTTLES
500ML BOTTLES

Detailed description: The advertisement features a young man and woman in a romantic embrace against a clear blue sky. The woman, on the left, is wearing a white long-sleeved shirt with a light blue scarf and a tan skirt, holding a wooden mallet. The man, on the right, is wearing a light blue and white checkered shirt and brown pants, with his arms around her. In the bottom right corner, two boxes of VEX Strawberry Pineapple Lemonade are shown. The top box is green and yellow, with 'NEW VEX' written on it. The bottom box is red and yellow, with 'VEX' and 'LEMONADE' written on it. A red banner at the bottom of the image contains the slogan 'More Cooler. Less Money.'.

F'06: Strawberry Pineapple Flavour

WE DON'T TALK MUCH, BUT THE VEX IS GOOD.

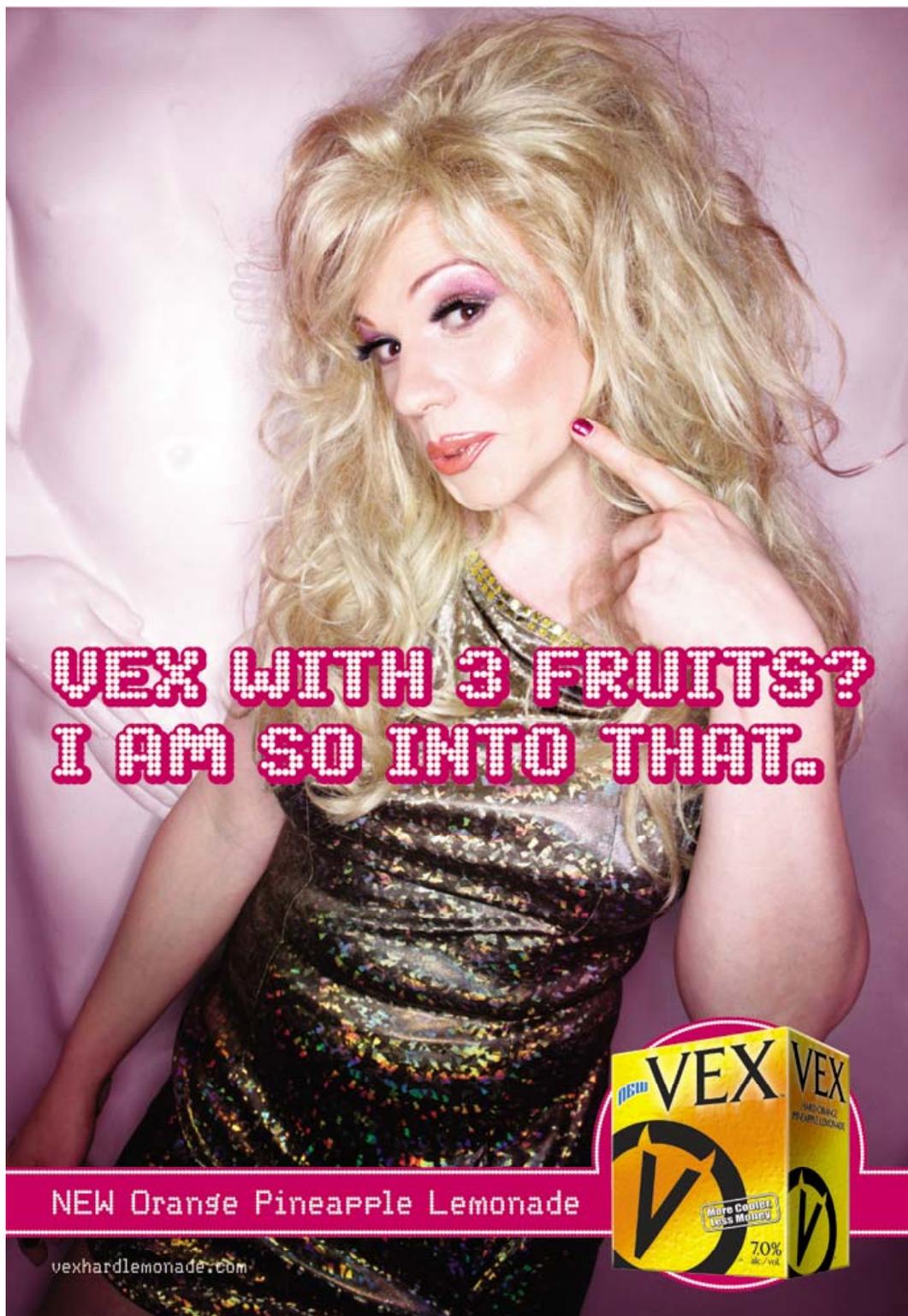
New **STRAWBERRY PINEAPPLE LEMONADE!**

More Cooler. Less Money.

VEX
6 100% FRUIT JUICE 5
100% STRAWBERRY PINEAPPLE
7.0%
450 ml

The advertisement features a man and a woman sitting on a dark, ornate sofa in a room with a framed picture on the wall. The man is wearing a light-colored sweater over a collared shirt, and the woman is wearing a purple halter-neck top and a gold necklace. In the foreground, there is a dark wooden coffee table with a stack of books on the left and two boxes of VEX Strawberry Pineapple Lemonade on the right. The top of the ad has large, bold, green-outlined text. A green banner at the bottom left contains the slogan 'More Cooler. Less Money.' and a small box on the right contains product details.

F'07: New Orange Pineapple Flavour



**VEX WITH 3 FRUITS?
I AM SO INTO THAT.**

NEW Orange Pineapple Lemonade

vexhardlemonade.com

VEX
NEW ORANGE PINEAPPLE LEMONADE
More Color
Less Money
70%
MC/VL

F'07: New 1 Litre Format



**WHEN IT COMES TO VEX,
BIGGER IS DEFINITELY
BETTER.**

NEW 1 Litre Format



vexhardlemonade.com

MEDIA EXECUTION

Creative ran on subway platforms and in transit shelters, targeting high traffic areas in Toronto, Ottawa, Calgary, Edmonton, Hamilton and Halifax. We also bought tactical boards en route to cottage country in Ontario and New Brunswick. The budget was concentrated around long weekends – Victoria Day, Canada Day and Civic Holiday.

BUSINESS RESULTS

During F'06 and F'07 VEX moved up to become a top three spirit cooler brand in Canada:

Share of Market by Volume – F'05 to F'07

<i>Brand</i>	<i>Share of Market by Volume (F'05)</i>	<i>Share of Market by Volume (F'06)</i>	<i>Share of Market by Volume (F'07)</i>
Smirnoff Ice	27.65%	27.30%	27.37%
Bacardi Breezer	16.55%	16.06%	15.35%
Mike's Hard Lemonade	11.78%	11.60%	12.21%
VEX	9.93%	11.60%	12.69%
Smirnoff Twisted	8.82%	11.56%	10.93%
Woody's	7.44%	7.07%	6.66%
Seagram	6.34%	6.29%	5.97%
	88.51%	91.49%	91.18%

Additionally, VEX led all established brands in volume growth with 24.69% during the two year period exceeding the 20% volume growth target goal:

Volume Growth – Year-Over-Year Comparison

<i>Brand</i>	<i>F'06 vs F'05</i>	<i>F'07 vs F'06</i>	<i>Total F'07 vs F'05</i>
Smirnoff Ice	(3.36%)	(0.08%)	(3.44%)
Bacardi Breezer	(5.03%)	(4.72%)	(9.51%)
Mike's Hard Lemonade	(3.64%)	4.93%	1.11%
VEX	14.44%	8.96%	24.69%
Smirnoff Twisted	28.37%	(5.80%)	20.92%
Woody's	(6.92%)	(6.13%)	(12.63%)
Seagram	(2.78%)	(5.48%)	(8.10%)
Category	(2.13%)	(0.33%)	(2.45%)

Finally, VEX improved its margin in F'06 and F'07 by 14.1% and 14.4% each year.

CAUSE & EFFECT BETWEEN ADVERTISING AND RESULTS

VEX achieved top three brand status in its category by supporting its flavour and format innovation with edgy, irreverent and provocative advertising. It's clear that VEX did not 'buy' trial and share since its advertising budget ranged between \$190K to \$200K each year, and no other marketing variables changed significantly.

INTRODUCTION TO CROSSOVER NOTES — CASSIES 2007

[For Vex]

Each year I update these Crossover Notes. If you've read this cover note before, you can skip it. If not, it's worth a quick read.

My career started with a seven year sentence in brand management at Procter & Gamble. Then I clambered up the ladder at O&M, becoming President and later Vice Chairman, all of this in Toronto. Then I set up as a consultant.

P&G and O&M were passionate about "lessons learned" from advertising effort, and so was I. All the Cassies cases have great lessons in them, though at the pace we work today these lessons are not necessarily easy to find.

I was thinking about this as I was editing Cassies 1997, and I had the idea for Crossover Notes. They started as bite-sized footnotes pointing out lessons that "cross over" from one case to another. Then, as time had gone by, they've evolved to what we have today.

You can use Crossover Notes in two ways. Although they weren't designed as a crash course in advertising, they are worth reading as a whole. You can also dip into them selectively. The headings on the next page will help you choose.

I've tried to be even-handed on controversial issues, but here and there you will sense my point of view. For this I thank the Cassies for not editing their Editor.

We now have close to 200 published cases. And I hope I've helped pass some of the learning on.

David Rutherford

Toronto: January 2008.

For more on brand-building see *Excellence in Brand Communication*—by leading Canadians from across the marketing and advertising spectrum. See also *Vulcans. Earthlings and Marketing ROI*, commissioned by the ICA, and published by Wilfrid Laurier University Press.

See www.ica.adbeast.com.

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The Notes for this case are marked ✓ and come next.

Note: Cassies uses “advertising” in its broad sense. It not only stands for advertising through the main media of broadcast, print, out of home etc. Where appropriate, it also stands for Direct Marketing, PR, Interactive Marketing, Buzz Marketing, Event Marketing, Product Placement etc.

VEX CROSSOVER NOTES FOR CASSIES 2007

1. **What a Brand Stands For.** People in real life hardly give the deeper meaning of brands a second thought. They know that some appeal more than others. They may have a sense that brands jostle for their attention. But that's about it. They certainly don't agonize over the *essence* of this, or the *brand truth* of that.

That said, branding goes deeper than we in marketing may realize. Before marketing was even thought of, branding was part of life. Everything from national flags, to coinage, to the uniforms of soldiers, boy scouts and Supreme Court judges, to the plumage on peacocks (human and otherwise), is a form of branding. Business had an early example in the 1800s when Harley Procter of P&G heard a pastor quote a biblical text about ivory palaces. Goodbye Procter & Gamble White Soap. Hello Ivory. More recently, Tom Peters published *A Brand Called You*. And Tony Blair tried to re-brand the UK as "Cool Britannia."

A brand, in the fullest sense, is hard to define. Dictionary definitions tend to focus on the trademark aspect, and yes, branding does involve some sort of identifying mark. But this misses the point. What makes a brand valuable?

*The answer is The Advantage of Belief.*¹ Charles Revson of Revlon famously said, "In the factory we make cosmetics. In the store we sell hope." In other words, a brand is not a product; it's what people *believe* about a product. These beliefs can be immensely powerful. The most astonishing is the placebo effect. In clinical trials, many patients respond to the "sugar pill," even when they have serious diseases. We see the same thing with blind and identified product tests. With a strong brand, the preference jumps. (See *What's in a Name* by John Philip Jones.) And when the Advantage of Belief takes hold, it leads to a long list of benefits:

- | | |
|-----------------------------------|---|
| a) Customer loyalty | e) Facilitating brand extensions |
| b) Higher price | f) Withstanding competitive attack |
| c) Higher cash flows | g) Motivating staff and attracting new talent |
| d) Higher long-term profitability | h) Potentially augmenting the stock price |

This doesn't, of course, answer the question, "how do you build these beliefs?" There are widely varying notions, but most people agree on the basic principles: (1) stake out what the brand can and should stand for (2) stick with this over time (3) evolve to account for lessons learned and market changes.²

This can't be done by empty promises. We have to assess what consumers want against what the product delivers—and tell the story better than competitors do. We have a melting pot of perceptions and reality to work with. All the "brand" ideas are there to help—Brand Image, Equity, Personality, Character, Essence, Relationship, Footprint, Truth, Soul, Identity, and so on—along with old faithfuls like Positioning, Focus of Sale, USP, Features, Attributes, Benefits and Values. Whatever the terminology, though, the brand has to stand for something relevant and different in the consumer's mind. See also *Crossover Note 26*.

¹ This is a phrase of mine, though the idea that a brand is "more" has been described by many authors.

² How do you do this? See *Excellence in Brand Communication*: www.ica.adbeast.com

- 2. Brand Truths.** Successful advertising (in fact all successful communication) resonates with its audience. As a marketer, you may want people to believe that you have the best-tasting coffee, but simply saying, “I have the best-tasting coffee” will not usually get the resonance you need. One school of thought believes in saying the obvious as loudly and even as crassly as you can. We could call it the Bad Boy syndrome. Another has led to the idea of Brand Truths. These operate on a deeper level than simple claims. One of the top UK agencies described the process as “we interrogate the product until it confesses its strength.”

I was once the Brand Manager on Tide, and when we were asked, “What does Tide stand for” we said, “Superior cleaning. Not whitening. Not Brightening. Not Fabric Care. Superior *cleaning*.”³

Superior cleaning was the religion on Tide, and Tide delivered, despite the cliché that all detergents are alike. But this was only a glimmer of the Brand Truth. If you “interrogated” Tide the most startling truth was the *intense belief* of Tide users. This came to life in the immensely successful “Two for One Swap” campaign. Hidden cameras watched as women who had just bought Tide were offered two boxes of another good detergent in exchange. They adamantly refused, delivering off-the-cuff endorsements that no copywriter could ever have written. The campaign ran for years, and only came to an end because of its success—women knew it so well that the “candid camera” interview became impossible. Many Brand Truths are also insights, and for a list see [11. The Eureka Insight](#) and [12. Changing the Goalposts](#).

³ P&G defined “what the brand stands for” by a document they called the Creative Strategy. In those days, if anyone dreamt that the Tide Creative Strategy should include whitening, brightening etc. it was seen as an offence against all that was holy. Since then, P&G has changed its views, and now takes a broader view—as recent Tide advertising for fabric care and Tide-with-Febreze attest.