

Baker abandons its proven strategy

Neil Shoebridge

Fierce competition from supermarket chains and an unexpected drop in sales have prompted bread retailer Bakers Delight to ditch a 12-year-old advertising campaign and develop a new marketing strategy.

New television commercials for Bakers Delight will be launched on Wednesday night as part of a six-month, \$6 million marketing push. New staff uniforms, packaging and in-store signage are also being introduced.

Gone are the goofy bakers and catchy jingles that have dominated Bakers Delight's TV ads since 1998. They have been replaced by product shots, scenes of bakers working and people eating bread and a new slogan: "We're for real."

"For 12 years we promoted Bakers Delight as a happy, fun place to work," general manager Chris Caldwell said.

"That approach served us well for a long time, but research showed the ads were becoming less effective. People were amused by the ads, but they couldn't remember what products were being promoted or the key messages in the ads, such as why we're different to supermarkets."

The decision to ditch the long-running campaign was triggered, in part, by a sudden slowdown in Bakers Delight's sales in mid-2009.

Mr Caldwell said the Melbourne-

based retailer, which covers 595 franchised stores and 35 company-owned stores in Australia, had "sailed through the start of the global financial crisis, but suddenly we started to feel the pinch".

Bakers Delight's weekly sales in the December 2009 half were down between 2 per cent and 5 per cent. Roy Morgan Research said its share of the \$2.74 billion bread market fell from 15 per cent in 2008 to 13.1 per cent in late 2009. It has since risen to 13.5 per cent.

After being stalled at 58 per cent for a decade, the supermarket chains' share of bread sales has jumped to 63 per cent over the past two years, lifted by deep price-cutting and the addition of premium-priced gourmet breads from big bakers such as Goodman Fielder and George Weston Foods.

"When the financial crisis hit people went left to private-label bread or right to the gourmet breads in supermarkets," Mr Caldwell said.

"We got squeezed. The only consolation was that other specialty bread retailers lost a lot more market share to the supermarkets than we did."

Bakers Delight executives started working on a new marketing strategy 10 months ago.

Mr Caldwell said the company's ad agency, CHE, which had been hired in 1997, "didn't want to go on the journey with us".

A new agency, AJF Partnership, was hired in February. It created



Bakers Delight's new advertising campaign focuses on its handmade product quality rather than its competitive prices.

the "We're for real" positioning and ad campaign, which Mr Caldwell said "focuses very much on product benefits and how we are different from the supermarket chains".

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Chris Caldwell, Bakers Delight

"Research shows that people are unclear about what fresh bread is and are unwittingly buying bread that claims to be fresh when it could be days old," he said. "Our advertising will reinforce that all

Bakers Delight bread is handcrafted and baked fresh each day."

The new ads do not try to correct the perception that Bakers Delight's bread is more expensive than supermarket bread, a perception Mr Caldwell said was wrong.

"If we advertised a product at a particular price the supermarkets would simply undercut us," he said. "We don't compete on price. Our focus is on product quality."

The \$6 million that Bakers Delight will spend on marketing in the next six months represents an 80 per cent increase on its normal level of spending. Franchisees will also spend an unknown sum on new uniforms, signage and local newspaper ads and sponsorships.

The sales declines Bakers Delight saw in the December half stopped in January. Mr Caldwell said sales were up 1 per cent to 2 per cent in the first five months of this year and the new marketing campaign was expected to help lift the company's Australian sales 4 per cent to 5 per cent during 2010-11 to \$545 million. Bakers Delight also runs stores in New Zealand and Canada.

The company will open six or seven new stores in Australia in 2010-11, but Mr Caldwell said its retail footprint was nearing maturity. "There are lots of opportunities to set up stores in Canada [where there are 61 outlets] but not many left in Australia."