

DeMo are specialist packaging designers for FMCG.

Our wealth of experience includes foods and beverages, confectionery, household products and health & beauty.

Our personable, creative team focuses on bridging the gap between strategy and brand execution to make a positive connection with the consumer.

If you would like to know more about DeMo and what makes us tick, check out our website at www.demodesign.com.au or call us on +61 2 9211 2966

All About Packaging

Welcome to **All About Packaging!** We distribute this newsletter to our associates, friends, clients and partners who share our passion for packaging. If you think that anyone you know might get some value out of reading **AAP**, please feel free to pass it on. Equally if you prefer not to receive our updates please let us know.



Above Right: Nesquik Cereal, leveraging off the strength of the existing milk flavouring products

Big Brands in the Breakfast Battle

Nutritionists tell us that breakfast is the most important meal of the day, and it would seem that there is a shift towards healthier breakfast cereals which is driving an otherwise 'sluggish' market.

The Australian breakfast cereal market is valued at over \$910 million dollars, but grew by just 2.5% in the 12 months to January 29th this year. It has traditionally been dominated by three brand manufacturers: Kellogg, Uncle Tobys and Sanitarium. But in July 2003 a new player, Cereal Partners Worldwide, entered the market with the aim of developing a series of strongly branded cereal offerings for consumers. CPW is a joint partnership between Nestlé and American company, General Mills. Its initial launch of Milo in 2003 created a product aimed at the teen/sport segment of the market to compete against Kellogg's *Nutri-grain*. This was followed by *Cheerios* in August 2005, with whole grain goodness, for the family and now the third brand, Nesquik for kids, going head to head with Kellogg's *Coco Pops*.

Below: Kellogg's Coco Pops



Having created a new design for the *Nesquik* milk flavouring range to communicate its new "all natural colours and flavours" positioning in 2005, DeMo Design was commissioned to develop the *Nesquik cereal offering*. Like Milo, it leverages the strength of the existing brand. Featuring a strong yellow background and 'Quicky' the bunny, the packaging has a powerful visual appeal for kids. It has the great chocolate Nesquik taste, but in addition features wholegrain and fibre giving it a nutritional edge, when compared to its main competitor. A focus of our brief was to clearly communicate the wholegrain message to health savvy consumers. In response Kellogg has added a health tick list to the front of the Coco Pops pack and have spent heavily on advertising its product to reduce the impact of the *Nesquik* launch.





Above: Cereal offerings from Kellogg, Sanitarium, Uncle Tobys, Nestlé, Coles and ALDI.

Below: Uncle Tobys PLUS Crisp 'n Crunchy



Health Kick

Cereals with high sugar content have been in strong decline in the last 12 months. These include *Kelloggs: Frosties, Crispix, Froot Loops, and Coco Pops*. Claims that *Nutri-grain* - currently the number two Australian breakfast cereal - contained high levels of sugar, were strongly defended by Kellogg who was quick to point to other product attributes such as carbohydrates and vitamins to deliver on its *IRON MAN* sports energy positioning.

Cereal manufacturers have been quick to jump on the health band wagon, and nutritionally focused brands containing flakes and wholegrains are performing strongly. The number one Australian breakfast cereal is still *Sanitarium Weet-Bix* with 8.7% market share, which has grown as the brand has taken the leadership role in the wholegrain arena. Weet-Bix has grown its product line-up to include; Weet-Bix Fruity, Weet-Bix Hi-Bran, Weet-Bix Multigrain and Weet-Bix Crunch Caramel. Overall, Sanitarium's market share has increased 9.6% in the last 12 months overtaking Uncle Tobys for the first time. They have also gained share against the market leader Kellogg. In addition Nestle CPW - whose market share is still fairly modest - also gained 7.8% in the last 12 months. This figure is expected to rise once both *Cheerios* and *Nesquik* statistics for a full 12 month period are factored in.

Doing it for the Kids

The recently launched *Weet-Bix for kids* gives children something to sing about. Endorsed by *The Wiggles* who feature in a strong media campaign, this is the first product specifically targeting children - as clearly stated on the pack - to influence healthy eating habits in the under fives. With concerns about obesity and over-eating the wrong foods, this is a product that is likely to appeal to children and parents alike.

Market Wrap

With the major supermarkets chains investing heavily in their own housebrand offerings to drive more profit to their bottom line, there are likely to be a few cereal brands feeling the squeeze and dropping off the shelf, at your local supermarket.

Cereal Market as of January 2006

Kellogg	42.8%
Uncle Tobys	18.0%
Sanitarium	17.6%
Housebrands	6.8%
Nestle - CPW	2.4%
Others	12.4%

Source: Sanitarium. Nielsen Media Research, ACNielsen, Australian Financial Review and Retail World.



Above Right: Cadbury Trilogy;
3 eggs in 1

Above Left: Old Cotswold
Legbar Pastel Coloured Eggs

Below Right: An example
of colourful egg packaging
available in the UK

Sure as eggs

Since we are all probably still eating Easter eggs (as they are on the discount shelves), we decided to check out some egg products. Egg packaging in the UK is far superior to anything we have here in Australia.

With the larger market, most cartons are printed with 4 colour labels and some use brightly coloured carton board, making the category far more interesting for the consumer. Clarence Court has a product on the market called *Old Cotswold Legbar; Pastel Coloured Eggs*, which are pastel coloured hens' eggs. Fantastic for Easter, these eggs are actually laid coloured and have a thicker, harder shell and denser texture than most ordinary eggs. This is not a new concept as turquoise, blue and olive eggs were first seen by missionaries in South America in the 16th and 17th century. But we think it is a novel idea!

And for something closer to home... If you were shopping for Easter eggs not so long ago, you may have noticed the magnificent new chocolate product from

Cadbury called 'Trilogy'. This chocolate egg contains three parts, just like a Russian Babushka Doll. The inner-most egg is delicious dark chocolate, the next is white chocolate, and the outer shell is a dairy milk chocolate egg.

The soft colour and interesting typography on the package invites consumers to buy and satisfy their curiosity.

Powerhouse conference

We presented a fun and informative talk to design graduates on the 3rd of April at the Powerhouse Museum in Sydney for the 2006 Southern Cross Awards. Paul and Kiri spoke giving tips to the students about breaking into the industry.

DeMo suggested that packaging was a great area to become involved in, because one of its many perks was eating the products! AAP received many more subscribers who were rewarded with a sample of Kit Kat *Temptations*.

