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ROOM TO GROW

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and forks made from potatoes?
Yes, marketers have seen the
future—and it's green.*

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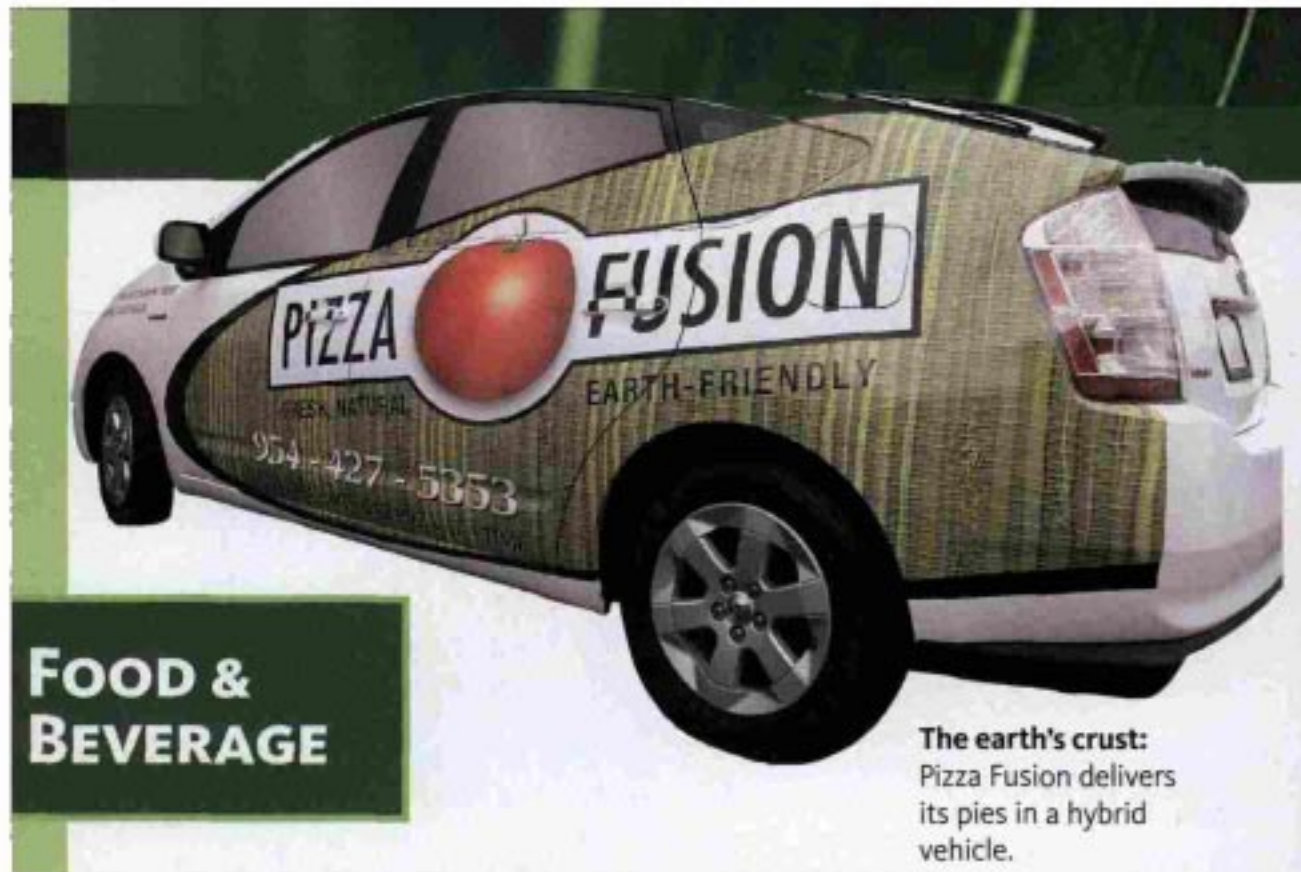
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Max Factor

*Pepsi eyes diet launch,
Shrek, Halo 3 and
more concerts.*

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The World On a Platter

By Kenneth Hein

If you weren't wearing Birkenstocks, used patchouli oil and couldn't immediately name your favorite live bootleg version of the Grateful Dead's "China Cat Sunflower," then you probably weren't around for the first wave of organic food's popularity.

No matter: This time around, it's a tidal wave. The consumption of organic products among today's environmentally conscious population has doubled in the last five years alone. According to the Nielsen Strategic Planner, Americans now spend \$3.5 billion dollars on organic foods. Last year, more than 2,000 organic items debuted on grocery shelves—everything from baby food to pre-cut salads to breakfast cereal.

Which means plenty of food companies are clamoring for a piece of the organic dollar—and they have two good reasons for doing so. Primarily, food producers are meeting the demands of a population that's eating healthier.

Another force is driving demand: Americans' increasing wariness about fertilizers and various farming/processing methods having a negative effect on the ecosystem. So when consumers buy organic, they seem to be thinking about their body and the planetary body at the same time.

"Consumers are far more interested in finding brands that fit in with and support their green lifestyles," said John Creson, partner at Addis Creson, a brand consultancy in Berkeley, Calif.

The size of this demand is no doubt the reason why the day of organic products coming solely under brand names that few people recognize is over. Today, Gerber, Hunt's, Orville Redenbacher, Ragu, Swanson and Frito-Lay's Tostitos are but a few of the

mainstream players who've crossed to the green side. It also includes big companies that can go green instantly by buying an organic label. Coca-Cola, for example, acquired the ultrapremium juice maker Odwalla, while Kellogg gobbled up Kashi. Kraft has Boca Burgers and Back to Nature.

But the experiences of a huge brand and a small one in the organic arena can be markedly different. Perhaps because "organic" conjures images of indie growers on family farms, many boutique brands are embraced while some mega food companies are not.

"Small brands are going from niche to mass because of consumer demand. They want authentic brands," Creson said. In contrast, "Mass brands have to work hard at convincing audiences of an absence of negatives. People are tired of the 'overmassification' of products."

Curiously, two factors that might seem to be risks—taste and cost—matter less to the organic-buying consumer than one might think. "One of the most amazing aspects is the consumers are basically giving producers of these products permission to have them not taste good," said Ken Sadowsky, president of Atlas Distributing, Auburn, Mass. "It's almost a *benefit* if it doesn't taste good."

When it comes to cost, while price sensitivity may be an issue for lower-end retailers (experts say Wal-Mart's organic offerings ran into trouble with its core, value-seeking demos), Americans on the whole seem to accept the idea that ecologically responsible food is going to cost them more. In a series of 2003 and 2004 studies, researchers from the University of Ohio found that consumer willingness to pay more for organics increased with age, number of children in the home and, not surprisingly, household income. The researchers also discovered that the consumers most committed to eating organic were willing to spend as much as 37 to 52 cents more for each organic food item.

That commitment, moreover, appears to vary depending on where you live. "Regionally, consumers react differently," said Suzy Badaracco, president of Culinary Tides, Tualatin, Ore., a trends forecaster that works in the food industry. "In Chicago, for example, if a restaurant says 80% of its ingredients are locally sourced, that's considered good. However, in Portland or Seattle, if you're not green and 100% locally-sourced, it's not acceptable."

Sourcing is, in fact, another factor that's characterizing today's green movement. Green-conscious consumers don't just examine what's on the shelf, they want to know about the entire process that precedes it—from how items are grown, packed and transported, to how various animals are slaughtered. "Food miles" are among the growing terms being examined. So if an organic kiwi shows up in the produce aisle, that's a good thing, but if that same kiwi has traveled to New York from Australia, the ener-

gy and fuel required to get there makes it a far less acceptable choice.

Even if a food item is not organic, the resurgence of the green movement has meant that many a food company has had to endure a magnifying glass held to its entire production process. That, in turn, has put a number of major brands—many of them fast-food chains—on the defensive, scrambling to clean up their acts and get eco-friendly in a big hurry.

Invariably, that involves marketing messages too. Burger King (which People for the Ethical Treatment of Animals once dubbed “Murder King”) has taken a very public lead in touting a policy that advocates more humane treatment of animals, for example. Last month, the fast feeder announced that it’s moving toward “cage free” eggs and “crate free” sows. Based on economics and supply, it decided that 2% of eggs would come from these sources as well as 10% of its pork.

BK rep Keva Silversmith maintained that these public changes were not marketing maneuvers, but rather the result of the chain’s Animal Welfare Advisory Council’s recommendations. At the same time, an ecologically sensitive reputation doesn’t hurt. “Our animal agricultural policies . . . [are] not part of our marketing strategy,” Silversmith said, but “by the same token, we’re delighted by the public response to our change in policy.”

Yet even as the green movement has some companies on the defensive, it’s opened up a world of opportunity for some upstarts. Down in Ft. Lauderdale, Pizza Fusion has integrated an eco-responsible ethos into its products, its marketing and its delivery methods.

Barely a year old, Pizza Fusion serves 100% organic pizzas, salads and sandwiches. It’s tagline: “Saving the Earth, one pizza at a time!” The chain takes the green attitude as far as the ozone layer by having its delivery people drive hybrid cars, offering a quarter for returned pizza boxes and offering “Spudware” (made from potatoes) in place of plastic utensils.

Pizza Fusion president Vaughan Lazar said there’s a particular need for organic fast food because “you can live 100% organically in your home, but the second you walk outside, there goes that.” Yet even for consumers who’ll never order from Pizza Fusion, the time is ripe for the business to start. “People have become more aware of what they’re putting in their bodies,” said Lazar.

Yes, they have. Ask Diane Hartz, the executive director of Sustainable Table, a nonprofit organization that works to educate New York consumers about food-related issues. “Awareness has grown exponentially,” she said. “It’s on the tip of entering mainstream. Last Thanksgiving, my 74-year-old mother bought a pasture-raised turkey from a local farmer. It’s starting to sink in.”

“Consumers are far more interested in brands that fit in with their green lifestyles.”—Creson



Crunch time: All-natural Kashi-brand cereal was gobbled up by Kellogg.