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# Hartman discusses premiumization

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In the latest edition of Hartbeat Exec, the Hartman Group notes that premiumization is the gold standard of contemporisation strategies for legacy brands today. In “To Premiumize or Not to Premiumize”, the company outlines a premiumization agenda for legacy portfolios that it says is both practical and selective.

Ultimately, it says, premiumization is not a strategy suited to all legacy brands. And when

it is done, it should be done carefully by understanding a brand's symbolic context as well as the most brand-relevant premium attributes driving growth in the brand's categories.

A sample of the contents follows. The full report is available from the company.

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How do you contemporize the product offerings to command increased pricing at, or preferably ahead of, inflation and grab market share?

Light refreshes of the brand are one way: a package graphics re-do, launching some contemporary flavor UPCs, adding more "meat" or "vegetables" to enhance perceived value, highlighting formerly undercommunicated nutritional value, etc.

But none of these very common approaches are what "premiumization" means from a consumer perspective today. Premiumizing a business is about upgrading the perceived quality of its food or beverage offerings through reformulation or through launches that incorporate emerging and compelling sourcing or production-level attributes in your category.

The fastest-growing attributes are ones being introduced primarily to consumers via emerging premium brands, mostly natural and organic ones. Some of the earliest premium attributes to scale were related to emerging consumer notions of nutrition: "whole grains" and "high protein." But the first premium attribute to spread across the entire industry has actually been the most difficult one: the concept of "natural" processing without artificial or synthetic additives. We find this quite ironic, because the latter is perhaps the hardest attribute with which to justify a price premium for legacy brands (harder than organic).

Why? Because, as we've discussed elsewhere, consumers are still not indicating a lot of willingness to pay more for purity by itself in the realm of packaged UPC food/beverage. Natural, even organic, packaged foods perform better when they offer other attributes and, more importantly, additional benefits beyond purity. If we just reflect on the fastest-

growing premium brands from the last decade (Clif, KIND, SkinnyPop, GoGo squeeZ, Naked, Stacy's, etc.), this becomes clear.

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