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When iconic brands go organic 4/11/2016 - by Monica Watrous

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Capri Sun Organic contains more calories and more grams of sugar than its conventional counterpart.

KANSAS CITY - Is organic healthier? It depends on your definition of healthy. Consider the newly launched Capri Sun Organic juice beverage from The Kraft Heinz Co. The organic product contains more calories (70 calories versus 50 calories) and more grams of sugar (15 grams versus 13 grams) than its conventional counterpart, a fact health-minded consumers may not be willing to forgive, said Carl Jorgensen, director, Global Consumer Strategy-Wellness, Daymon Worldwide.



Carl Jorgensen, director, Global

Consumer Strategy-Wellness,

"Across the board, wellnessengaged consumers are looking to reduce sugar, not increase it," Mr. Jorgensen said in an interview with Food Business News. "People are trying to reduce sugar, and the products that help them do that are going to succeed. But to reformulate and come out with a product that has more sugar, that's just

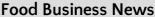


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Mr. Jorgensen cited as an example Cheerios Protein cereal introduced by General Mills, Inc. two years ago in response to consumers seeking more protein in their diets. Problem was, the protein-fortified varieties contained 16 and 17 grams of sugar, compared to the original Cheerios' 1 gram.

"It had 17 times more sugar than regular Cheerios," Mr. Jorgensen said. "That's the definition of a swing and a miss in marketing."



Cheerios Protein cereal contained 16 and 17 grams of sugar compared to the original $\hbox{Cheerios' 1 gram}. \\$

Research from the Hartman Group, Inc. shows more than a third of consumers (37% of participants in a survey of 1,728 U.S. adults) believe organic food is more nutritious than conventional food. The figure skews higher for parents of young children, 44% of whom view organic food as more nutritious.

Sales of organic food and beverage products in the United States continue to grow at a double-digit rate, reaching \$39.1 billion in the United States in 2014, which marked the first year conventional grocery sold half of the organic products, according to the Organic Trade Association.

"Organic is not only here to stay but is going to continue to steadily grow for a long time," Mr. Jorgensen said. "In terms of consumer acceptance and trust in organic, it seems to be growing year by year. Everybody is going to want to try to get on the organic bandwagon in one form or another. And some of those attempts will be very successful, and some will be less successful."





PepsiCo plans to launch organic Gatorade later this year.

A product he predicts will be less successful is organic Gatorade, which PepsiCo, Inc. recently revealed it planned to launch later this year.

"For something like Gatorade, it's never really had an appeal to customers who are looking for cleaner products and a healthier lifestyle," Mr. Jorgensen said. "Why all of a sudden will that brand appeal to them?... In many cases, the solution is not to take a brand that has no equity at all with the healthier eating consumer and try to make it healthy."

Take Coca-Cola Life, the Coca-Cola Co.'s first reduced-calorie soft drink sweetened with cane sugar and stevia leaf extract, containing 35% fewer calories than other leading colas. The product rolled out nationwide at the end of 2014 with lackluster results.



Coca-Cola Life is sweetened with cane sugar and stevia leaf extract, containing 35% fewer calories than other leading colas.

"That was an attempt there to say, 'Okay, we want to give you the classic Coke experience, but let's reduce the sugar," Mr. Jorgensen said. "You would think that's a compelling proposition, but consumers have not flocked to it. I think tinkering with iconic brands and cleaning them up, it's almost as though brands have to do it, but will it give them that much more of a sales lift? That's the big question. And it's not clear that it will."

Mr. Jorgensen commended the Kraft Heinz Co.'s approach to quietly reformulating its flagship macaroni and cheese



product line this past year.



Kraft Heinz quietly rolled out its newly formulate macaroni and cheese with no artificial preservatives, flavors or dyes.

"What Kraft did with their mac and cheese is they did not really let consumers know they had taken out artificial colors or flavors until it had been on the market for months," Mr. Jorgensen said. "I think that was smart because what they were testing was whether they were delivering the same experience. Will people continue to enjoy it in the same way they have in the past, even though they had reformulated it? In that case, it appears to have been a success.

"You see Hershey getting rid of beet sugar, which is genetically modified, and moving toward cane sugar. They're not making a big deal about that, but I think in the end consumers who care will appreciate it, and eventually Hershey may move to take credit for it. It's not something you have to trumpet the second you do it or even announce it before you do it. I think brands are learning to use a more stealth approach in this."

Going organic may not always be the solution to slumping sales. Companies must decide what's appropriate for a given brand, Mr. Jorgensen said.



Hershey is in the process of removing genetically modified beet sugar from its chocolates and switching to cane sugar.

"I don't think we should discount how much this will be accepted in the marketplace," he added. "I think because it's such new territory, brands really need to design new ways to



market this and new ways to communicate it to their customers.

"I think a quiet approach can be a very effective way of doing it."

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