

FOOD & BEVERAGE INDUSTRY STRATEGY

TO PREMIUMIZE OR NOT TO PREMIUMIZE? 7 KEY STRATEGIC CONSIDERATIONS

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. Here are seven key considerations when thinking through a premiumization strategy.

1

Premium attributes brought into a legacy brand cannot ignore the brand's symbolic context.

It is best to run with the more popular meaning(s) the brand has in everyday eating behavior and then assess what limits this may pose for contemporization.

2

Premiumizing a legacy brand makes it contemporary, but not premium.

Adding premium attributes to a legacy brand does not transform the old brand into the symbolic equivalent of a brand born premium. Premiumized legacy brands do not generate the level of intense viral word of mouth that brands born premium do.

3

Class of brand: iconic or commodity?

Iconic brands signal flavor/texture expectations directly to the consumer unmediated by category context and category symbolism/meanings. Legacy brands that trade in real cultural categories have plenty of opportunity to use selective premiumization as a contemporization strategy.

4

Market positioning: value brand or not?

Brands that have been positioned as branded value players in their respective categories may benefit from contemporization moves but do not serve as plausible platforms to absorb premium product attributes.



5

State of premium development in your core operating category.

Not all premium segments operate in the same state of market or cultural development. This greatly affects the consumer's sensitivity level to premiumization plays at the shelf.

6

Technical sourcing capabilities of the enterprise.

Compelling trends analysis is one thing, but is your organization prepared to source exotic premium ingredients gaining favor in your category?

7

Timing of your move.

The question here is how long do you wait to establish that a premium attribute has sufficient momentum in the market? It depends on how well suited your brand is to absorbing it and how badly your brand needs a contemporary face-lift.

SOURCE: HARTBEAT EXEC, [TO PREMIUMIZE OR NOT TO PREMIUMIZE](#), 2016

Strategic insights presented here by The Hartman Group, a boutique strategy firm focused solely on the food and beverage industry and specializing in product-driven growth strategy.

Learn more about premium strategies for your brands. Contact Shelley Balanko, SVP by email at: shelley@hartman-group.com

