

# Best bet for Kraft Heinz: Un-Kraft

Bruce Horovitz , USA TODAY 6:33 p.m. EDT March 26, 2015

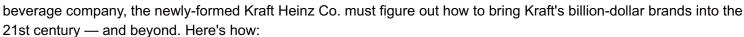
(Photo: Paul Sakuma, AP)

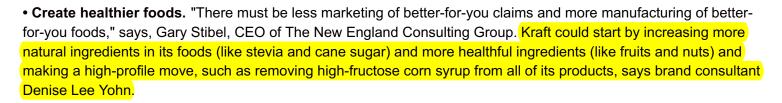
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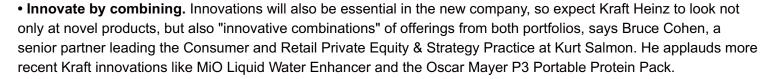
Kraft's richest assets may be ingrained in its storied past, but under Heinz, the trick will be to transport the likes of Jell-O, Cheez Whiz and Kool-Aid into modern-day relevance.

That won't be simple. Millennial and Gen Z consumers are less enamored with bottled cheeses and more focused on what kinds of ingredients must be added to make any sort of cheese-ish product survive for eons outside of the fridge.

Even then, food industry consultants, brand experts and image gurus say Kraft's evolution into something more relevant is doable. Just one day after H.J. Heinz and Kraft Foods Group announced plans to merge into the world's fifth-largest food and









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### Heinz, Kraft to create world's No. 5 food company

- Consolidate brands. More than just about anything, the new company needs to "clean up" Kraft's overly-hefty brand portfolio, says brand consultant Martin Lindstrom. Among other things, it should ensure no brand valued less than \$1 billion remains in the portfolio, he suggests.
- Concoct disruptive products. Real innovation requires more than line extensions, says Jim Hertel, managing partner at Willard Bishop, a retail consulting firm. "Disruptive innovation brings new users to a category," he says, and increases the consumer's spending in a category. Greek yogurt, for example, brought a lot of new users to the yogurt category.



## Food stocks rise after Kraft-Heinz merger disclosure

• Appeal to Millennials. There are several ways to approach Millennials. One, is to go after Millennial families, says Hertel, who typically want healthy, convenient foods that fit into an onthe-go lifestyle. This means investment in new products like natural, organic and gluten-free foods and healthy snacks.

Another Millennial option: nostalgia. Velveeta, for example, is a processed food product, so there's not much it can do to address people seeking more natural, less processed foods. But it can emphasize the nostalgia and comfort food perceptions of the brand and try to make Velveeta "cool" to Millennials by borrowing a page from Spam's playbook, says Yohn.





• Segment into mini-brands. One key move for the new company is to avoid the temptation to throw the big spotlight on the Kraft name, instead of segmenting Kraft out into smaller brands, much like Nestle has successfully done, suggests Laurel Mintz, a Los Angeles-based brand consultant.

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# Kraft Heinz owners include a Brazilian ex-surfer

• **Go ethnic.** Heinz may help Kraft here, says Yohn, because of the varieties of sauces and condiments — like Sriracha and salsa ketchup — that the company has introduced in recent years as a way to appeal to younger customers interested in ethnic foods.

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