

AdAge

WHY (AND HOW) HINT IS BREAKING THE RULES OF BRAND EXTENSIONS

THRIVING BRAND OF FLAVORED WATER EXPANDS INTO ... SUNSCREEN AND DEODORANT

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Thriving brand of flavored water expands into ... sunscreen and deodorant.



Credit: Stef Etow

The corporate headquarters of Hint Inc., the fruit-flavored water brand, is an eclectic cluster of five different offices and storefronts on San Francisco's Union Street, tucked in among Edwardian homes, a wine bar and a meditation studio.

As Hint grew, it expanded from its original office into an Indian rug shop across the street. It took over a one-time art gallery, and it installed a Hint retail store in a former dress shop. There's a garden out back where employees' dogs roam, and where Ad Age caught up with founder and CEO Kara Goldin.

"At first, I thought, when we're a 'real' company, we'll move" and find a more typical office space, Goldin says. "I kept thinking, should we be downtown? Should we be in more of a corporate setting?"

But she stayed put, and today the headquarters and the brand's Instagram-friendly storefront (which includes an indoor swing) project the message that Hint is a scrappy indie challenger to beverage megabrands. It didn't abandon where it came from as it grew into a company with 190 employees, sales in retailers from Whole Foods to Sam's Club and a thriving direct-to-consumer business that Goldin says accounts for 40 percent of revenue.

Privately held Hint doesn't disclose revenue figures, but Goldin says sales were up 60 percent from 2017 to 2018. That's remarkable growth for a 14-year-old brand, especially in a category crowded with giants including PepsiCo and Coca-Cola Co.

An unconventional expansion

Goldin—a former AOL e-commerce executive whose sunny, health-conscious persona is at the heart of Hint's brand of wellness—has built out her company in other unconventional ways. The company's core business remains fruit-tinged, unsweetened water, from still to sparkling to caffeinated, but in 2017 Goldin made the counterintuitive decision to sell sunscreen scented with the fruit essences found in Hint water. Now the brand is preparing to launch fruit-scented deodorant.

To put into context how unusual these moves are, imagine, say, a LaCroix-branded cran-raspberry deodorant.

For Hint, the logic tying it together is this: All its products started with Goldin solving problems for herself as a consumer. Goldin is a savvy raconteur of her entrepreneurial story, and in Hint's backyard, she settled into a wicker chair, gently shooed away her English lab, Buster, and explained.

Goldin herself used to be a Diet Coke devotee, but to kick the habit, she started putting fruit slices into water and drinking that. Her skin cleared up, and she lost weight. "I really looked at the category and saw there was nothing like what helped me get healthy," she says, so Goldin developed a product herself when she was pregnant with her fourth child. She and her husband Theo Goldin, the company's chief operating officer, dropped off cases of Hint at Whole Foods hours before she gave birth to her fourth child—an anecdote that Goldin recalled recently on Instagram and LinkedIn.

"Entrepreneurs or large companies will ask me, 'How do I get an authentic story like yours?'" Goldin says. "It's such a funny question. Because it's like, I think either you're authentic or not, right?"

Deodorants and sunscreen

Goldin got into the sunscreen business after doctors found precancerous skin cells on her nose. It was the first step in expanding Hint beyond water. Sunscreen, she realized, "has to be better, smell better, it has to feel better, and has to be clear. I just felt like there wasn't anything out there that was super-satisfying ... and the best sunscreens are the ones people will actually wear."

Goldin is working on a deodorant brand because she, as a consumer, is worried about aluminum, commonly found in antiperspirants. She also wanted a product without allergens, since she's allergic to coconut, an ingredient in many natural deodorants. "I wanted a product that was clear, that wasn't going to get on my silk shirts or end up chalky, and that actually smells good, too," she says.

Goldin is aiming for a launch later this year for the antiperspirant; the product faced a snafu involving prototype packaging that turned out to not be recyclable, so Hint went back to the drawing board.

But wait ... deodorant?

Hint's moves into personal care products are not without risk. And not everyone gets it. Hint built its brand on being natural, and sunscreen and deodorant are products that often rely on chemicals to function well, says Gary Stibel, founder and CEO of the New England Consulting Group.

“There are reasons why some of the most efficacious companies in the world have created sunscreens and deodorants—they know how to protect against sun damage and know how to manage body odor,” Stibel says. “To think that you can just do that by slapping a name on it is dangerous. When you have something as successful as [Goldin] does, you have to keep the train on the tracks.”

Goldin's response to concerns about chemicals is that consumers shouldn't get caught up in semantics. “Water is actually a chemical,” she points out. Beyond that, Goldin says there are good and bad chemicals. “There are a lot of [snack] bar companies out there that are selling a concept of health, and unfortunately, there are candy bars that are actually probably better for you than these ‘healthy’ bars. ... Not all bars are created equal, not all water is created equal, not all chemicals are created in an equal way.”

Honest issues

But natural or health-oriented brands have sometimes faced heightened scrutiny. LaCroix, with its cult following among millennials, faced a high-profile lawsuit about whether its ingredients were really natural, and its sales have taken a hit. The Honest Company, actress Jessica Alba's consumer-goods venture, had successive setbacks during its expansion, including recalls and a Wall Street Journal report that found its laundry detergent included a common chemical Honest had pledged to avoid.

Ali Dibadj, senior analyst at Sanford C. Bernstein, says that in contrast to those players, “I do think Hint has so far developed an image of, ‘This is good for you, and we care about you.’”

Some say the company has earned the right to explore new areas. “When you see yourself as someone contributing to society and helping customers in a meaningful way, naturally you’re thinking about, ‘what other problems can I solve?’” says brand leadership expert Denise Lee Yohn, author of “What Great Brands Do.” But “you have to have a very strong base of brand equity before you can expand like that. Hint at this point does have that.”

Hint isn’t the only purpose-led brand doing surprising brand extensions, as Yohn points out. Toms, the shoe brand known for charitable giving, is now in the coffee business, using some proceeds to donate clean water to communities in need. Patagonia, the sustainable outdoor gear brand, got into responsibly sourced food and drink, including beer. So maybe part of having an “authentic” indie brand in 2019 is making decisions that wouldn’t necessarily make sense to big corporate players.

So going forward, what does Hint look like?

“A lot of people have asked me, ‘Is this going to be like the next Honest Company?’” Goldin says. “Our goal is not to sell 2,000 categories, our goal is to solve problems for consumers.”

Still, she seems to be intrigued by the possibilities. “People ask me, ‘What kind of chips do you eat? What kind of skincare do you use?’ There are just so many things we can expand on.”

Take a hint from Hint: savvy (and cost-saving) marketing strategies

Tell your story

Hint founder Kara Goldin puts herself out there to tell her entrepreneurship

story—in the media, at conferences and even in commercials for other brands, including Verizon and Oracle NetSuite. NetSuite, the business software company, recently tapped Goldin to appear in a commercial because Hint uses the software. It's Netsuite's ad and media buy, but Goldin says Hint's website saw a lift from it.

Go direct-to-consumer

The company uses Facebook ads to link people to its website, where they can buy directly.

Consider whether you need an agency

Goldin says most of the work is done in-house, though Hint recently tapped Mrs&Mr to update its packaging.

Utilize free publicity

Through a connection, Goldin dropped off Hint at Google's offices long ago and it's been available for employees there ever since; Silicon Valley types have been enthusiastic proselytizers for the brand on social media. John Legend is an investor in Hint; he sometimes sips Hint water during his concerts.

Inline Play

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