

Ella's Kitchen: The World's First Global Organic Baby Food

A Case Study produced for the Bord Bia Brand Forum 2012



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For Ella's Kitchen, a rapidly growing €70 million organic baby foods company, the summer of 2011 presented an entirely new set of management challenges. Moving beyond an export model, it was opening a subsidiary office in New Jersey, USA, which would manage production, marketing and sales for the entire North American territory. Called the Treehouse in keeping with the company's fun and child-oriented culture, this expansion was always part of the vision and development plan for Ella's Kitchen. But the company co-founders, Paul and Alison Lindley and their growing team of 45 personnel were conscious such new growth would present challenges along with incredible opportunities for the brand.

Since its foundation in 2006, Ella's Kitchen (Ella's) had been blazing a trail through its domestic UK market, shaking up a relatively stale product category with its range of colourful, playful, pure and organic baby foods. Soon after, Ella's internationalized, exporting to Norway, Sweden, Ireland and subsequently the USA. Named after the Lindley's daughter, Ella's Kitchen was created with the idea of promoting healthier eating habits among the world's children, tackling obesity and making food fun for toddlers. Reasoning that children across cultures were more similar than they were different, early on in the business' development, management had set their sights on the ultimate goal- to create the world's first truly global premium food brand for pre-school children.

With the US launch, CEO Paul Lindley considered the challenges of developing a global brand across cultures from at least two different offices. Already the

US market contributed 20% of total revenues and the goal for 2012 was that figure would rise to 30%. Meanwhile, Lindley and his team wondered what if anything would have to change in Ella's Kitchen to ensure the brand values and communications remained consistent as the company entered this new phase of phenomenal growth.

Focusing on the Consumer

From a business perspective, what was remarkable about the Ella's Kitchen story was its phenomenal rate of growth fuelled by its instantaneous nationwide brand status, product innovation and passionate cause related marketing. Reflecting on the



Ella's Kitchen story, the company's Head of Doing Things Smartly, James McMaster attributed its success to date to a relentless focus on their consumers - young children - by leveraging 'pester power' positively. And in that vein, employees were encouraged to look at the world from a child's point of view. In fact its entire business strategy adhered to this ethos from new product development to packaging, to marketing and giving

back to the community.

Children and the way they viewed the world was valued as a source of inspiration and a model for adults to aspire to and apply in the world of business. This made for a warm, fun tactile company culture and brand that appealed to all five senses in terms of its marketing communications activities. Furthermore, using illustrations of the eponymous Ella infused the brand with personality and an emotional connection for parents and children alike.

Yet the catalyst was the sense of cause, which the Lindleys shared with their customers by continuing to make products based on a 'nothing-added' policy; free from sugar, salt, additives and often certified 100% organic. This commitment to quality through purity made the branding credible and allowed Ella's Kitchen command a significant premium in an otherwise low-margin sector. Expanding internationally, the company had initially focused on exporting to markets similar to the UK in terms of size and structure; Sweden and Norway specifically. Additionally health and wellness were considered important consumer values in Scandinavia, which facilitated market penetration.

Acorns to Oaks

Paul Lindley was a trained accountant who had risen quickly through the ranks of children's television channel Nickelodeon during the 1990's. At 34 he was appointed Managing Director and two years later he was already seeking a new challenge. When on a family holiday, his two year old daughter Ella suddenly began refusing foods she used to enjoy,

a seed of inspiration germinated in Lindley's imagination. Researching the baby food sector he became convinced Ella's food was failing to stimulate her senses appropriately – the colour, the packaging and the tastes were bland and un-inspiring in his opinion. Ella needed to enjoy the eating experience. Over the following months the couple developed their idea into a business proposition and a mission focused on bringing healthy nutritious additive-free food, packaged in fun and exciting ways, to the UK's toddlers.

By that stage, the Lindleys were ready to commit £20,000 – the family's life savings - to developing the idea into a market ready product. Guided by their mission they knew that building sales one shop at a time would kill momentum and scupper any chances of success. Instead, the Lindleys decided to create a branded product that supermarkets could buy into readily. First off, Paul Lindley commissioned a group of food scientists at Reading University to formulate the couple's smoothie recipes to retail standards while he sourced companies that could deliver a solution to the packaging conundrum of making the product appear playful and fun to a child's mind. Once standards could be established, production would be outsourced to a trusted supplier.

Meanwhile, locating a UK company that could produce squeezable yet sturdy pouches, the Lindleys developed a suitable fun tag line for the concept product – “shake me, squeeze me, slurp me” – that would appear on all pouches. They then turned attention to the challenge of launching a national brand without ever having sold a single pouch. The gut feeling was that the marketing strategy should leverage pester power in a positive way.

Marketing Strategy

Approaching Nickelodeon's owners, Viacom Brand Solutions, Paul Lindley pitched the idea of buying advertising space on the television channel in exchange for a share in sales revenue. The proposition appealed because the creative idea behind the spots for the new Ella's Kitchen brand promised to keep viewer attention and minimize channel zapping. Further, Nickelodeon realized that the positive publicity from involvement in a project that promoted healthy eating among its target audience presented a clear opportunity for enhancing its own market positioning as a sponsor of healthy eating among its viewers.

With the revenue-share agreement in place, the Lindleys presented product samples; the brand vision and marketing plan to Sainsbury's, a nationwide UK retailer. Impressed

For the Lindleys the deal was a coup.

Without selling a single item they had entered the UK kids food market with two fruit smoothie recipes, the Red One and the Yellow One so named by their children during a tasting test at the kitchen table when the children referred to the products by the colour of their packaging as opposed to the flavours inside. For the co-founders it was another serendipitous moment, presenting valuable insights into the psychology of their target customers, visual cues informed preferences and even emotional states.

Product Innovation – Central to Growth

To finance the initial production run, the Lindleys re-mortgaged their family home for £200,000, outsourcing manufacturing to the company who had helped develop his trademark re-sealable pouches.



with their innovative product concept, the retailer was also reassured by the advertising deal already in place, which would reach 40% of UK schoolchildren. The supermarket agreed to stock Ella's Kitchen in 350 stores across the UK on an exclusive basis for a trial run in January 2006.

While the pouches were not recyclable, they could be transformed or 'upcycled' into new products such as bags and bibs for example, something which the company focused on in its community engagement initiatives. Furthermore, they required 80% less material to make than the equivalent

glass jar, Tetra Pak or PET plastic bottle did. This low environmental impact was an intrinsic part of the brand's value system.

Ella's Kitchen started out producing a small range of fruit smoothies marketed in its distinctive trademarked squeezable pouches, selling at a premium. As sales grew, the company quickly expanded its range into stage one and stage two baby foods. Stage one foods were designed for new-born babies while stage two products featured foods with more textures and stronger flavours. Designed to be both fun for children to eat from and sturdy enough to that they would not burst easily in mum's handbag or dad's pocket for example, the food could be served directly from a re-sealable pouch cold or heated in a bowl of water.

Eventually Ella's Kitchen leveraged its healthy credentials extending the brand into snacks for toddlers and parents alike including cookies

2010 it was recognized as one of the UK's fastest growing companies as it shook up UK baby food sector, which had been considered a loss-leader by most retailers. Instead, their innovative approach had spawned several new competitors eager to capitalise on the value growth in the industry in the interim years. As such, while the core product continued to offer a compelling USP, Ella's Kitchen had also nurtured and tweaked its marketing communications strategy to consolidate their leadership position in the UK sector. By late 2010 the company had captured 15% of the UK 'wet' baby-food market and was elected the Food and Drink Brand of the Year at the UK Grocer Gold Awards.

Holistic Approach to Branding

Ella's Kitchen was a model of 21st century food branding. The identity and the ethos of the brand remained consistent throughout its meteoric growth. The

after quality control and sourcing ingredients and packaging but we outsource manufacture to a number of trusted, expert manufacturing partners". The fact that very few companies could replicate their distinctive pouch packaging afforded them an edge on market followers who entered the baby food market subsequently with other premium organic baby food propositions.

The pre-launch deal with Viacom had catapulted Ella's Kitchen from concept to fully-fledged brand in a heartbeat and appeared to play a crucial role in its initial success. Management were, however, aware they needed to develop and refine marketing communications in tandem with the advertising to flesh out the brand and involve their customers in the Ella's ethos. The value of an illustrated character based on Ella Lindley to represent the brand could not be underestimated, forging an emotional link with customers, which other marketing communications would have to consolidate.

For customers and employees alike, Ella's mission was exciting. A strong web-presence was deemed important to nurture a sense of community and interact with customers, promoting the Ella's ethos of healthy eating and sustainability through information, competitions and activities. Between the product and the website, Ella's Kitchen's marketing activities addressed all five senses. In late 2011 Ella's Kitchen launched its Tasty Tunes campaign featuring versions of well-known nursery rhymes available for download on the website that promoted eating vegetables as enjoyable. The Tasty Tunes initiative stemmed from research undertaken which indicated that less than 20% of under-fives ate the recommended 'five-a-day' of vegetable and fruit



oat finger bars and a range of sauces. All products were manufactured according to the company's 'nothing-added' policy that meant no added sugar, salt or additives, while all products available in its range were certified 100% organic. In 2009 and

Lindleys focused their efforts on developing these intangible assets while outsourcing other aspects of the value chain. Explaining their business model Lindley commented, "we develop the recipes and look

servings. And in that sense, the linchpin to the success of Ella's as it grew exponentially, appeared to be that the entire company lived and breathed the Ella's brand.

Branding inside – where employees acted as brand ambassadors – played a central role in sustaining growth and the credibility of Ella's positioning in the market. By taking personal ownership of the Ella's Kitchen story and vision, personnel could act as brand ambassadors. As part of that approach, the founders nurtured an organizational culture that shared their sense of fun and childlike perspective. For example, staff were encouraged to question the status-quo much as a child might and not to accept 'no' for an answer, much as a precocious toddler might. The idea was that such attitudes would foster innovation and entrepreneurialism; key ingredients in a young dynamic business.

Furthermore, management believed that replacing the term Sales Turnover with the concept of Tiny Tummy Touchpoints refocused energies on the core aim and higher goal of promoting healthy eating among babies and toddlers. In 2012 it was estimated that every second of every day someone, somewhere was consuming an Ella's Kitchen product, which placed the company on track to break the 200 million Tiny Tummy Touchpoints milestone by mid 2012 with aims to reach 1 billion within 5 years. These figures represented cumulative product sales but more importantly for Ella's Kitchen, they indicated the success of promoting their healthy eating agenda worldwide. In fact, according to one survey of 10,000 women in the UK, Ella's Kitchen had succeeded in building the most trusted food brand and the 16th most trusted brand generally in the UK in 2011.

First Export Markets: Scandinavia

Whereas exporting theory indicated small businesses tended to target international markets culturally most similar to their own or those physically closest, Ella's Kitchen focused on comparable markets. With such rapid growth rates and a readily accessible brand, management felt it was a question

predisposed to healthy eating habits and family incomes were sufficiently high enough to pay the premium price. These criteria and 'gut-feeling' as to the appropriateness of a given market remained as guiding lights in terms of international market selection and targeting.

As such management believed a minor tweaking of the export marketing strategy would gain



of when rather than if they entered foreign markets. Conversely that was tempered by an understanding of the need to focus on developing certain markets rather than chasing opportunities across many.

With the assistance of the United Kingdom Trade & Investment (UKTI) body, and the Food From Britain Initiative, the Lindleys identified opportunities in Scandinavian markets. By 2012 the company had captured 20% market share in Norway and 10% in Sweden, attributable to many of the same reasons as its success in the domestic market.

The Lindleys prioritised Sweden and Norway, with the reasoning was that the markets and distribution structures were relatively similar to those in the UK, were big enough to be interesting while consumers seemed

market penetration via national supermarket retail chains. With the help of UKTI Ella's Kitchen identified and engaged local distributors and consultants to manage the final leg of the distribution process and to help with language and cultural nuances, ensuring the brand's message was communicated correctly. Reflecting on the similarities between the domestic and international markets, Paul Lindley explained, "the products are the same as for the UK market, but as Swedish children don't go to school until they are seven and don't take packed lunches, our lunchbox-snack products aren't sold in the same way as they are in the UK".

Growth through Exports: USA

Between the time Ella's Kitchen entered the US market in 2009 and the time it decided to open

its US subsidiary, stateside brand sales grew from zero to £15 million generated from 12 products in its range. Management believed US sales could reach £30 million by the end of 2012.

While the US had always featured in management's expansion plans, Ella's journey west was triggered by an unsolicited request from a US retailer. It was this entrepreneurial attitude, which convinced Ella's Kitchen management they had made the right choice in focusing on the US market. Later, selling through retailers including Target, Whole Foods Market and Kroger, management realised they faced an enormous market opportunity as many of its US customers dwarfed the footprint of Tesco's in the UK for example. With sales soaring to account for around a quarter of company turnover, Lindley and his management team resolved to commit further resources to developing the company's position. Relocating their UK sales director, Douglas Struthers, a UK national to champion the new venture, the company established the Treehouse as its base in New Jersey. Struthers was tasked with recruiting a local team to support existing consultants, source the right raw materials to ensure the quality and consistency of supply and to manage and develop sales growth.

Growing Pains

While Ella's Kitchen had prospered internationally so too management experienced growing pains as the organization and operation became larger and more complex in terms of sales, personnel numbers and locations. Management identified a number of

potential issues that could dilute the cohesion and team spirit. Some of these issues included the need to hire and retain top talent, adherence to the company's local sourcing policy and to its green ethos with



respect to upcycling waste. Finally, if un-addressed, these together threatened to upset Ella's positioning in the market as a fun, caring and environmentally sensitive premium brand.

To address talent management and development, McMaster and his team launched Ella's Classroom as a training resource for all personnel. The business was growing fast and hiring dynamic and expert managerial talent from other high potential food brands while also trying to ensure consistency in the brand message for all its personnel. Commenting on the concept, McMaster explained "Ella's Classroom is about sharing knowledge across the business. We have some incredibly talented people in the barn who run the 'classes' themselves, ranging from how to present effectively to making sense of finance".

Commenting on the difficulty of sourcing supplies, Alison Lindley explained, "for the size and scale that we are, having to fulfill orders with all the major retailers, much as it would be lovely to source everything locally and seasonally within the UK, it's just not possible. So we're doing what we can to keep everything without going too far away. Most of the ingredients are sourced from within Europe and all comply with EU organic standards and we certainly don't use any air-freight or anything". Again growth prompted questions how the company would implement its upcycling scheme in large international markets, each differing in its environmental orientation.



Looking Ahead

These were points that industry commentators had not failed to notice, but whether they indicated the Ella's Kitchen brand faced any fundamental problems in its medium term remained uncertain. Some analysts concluded that Ella's Kitchen was fast approaching a crossroads in its journey where it might consider selling up the business to the highest bidder, leaving insiders to speculate how Ella's Kitchen might develop over the longer-term under new

ownership.

It was evident the Lindleys had achieved great success growing Ella's Kitchen to €70 million in a few short years and they had not ruled out selling the business as an exit strategy. Yet, Alison Lindley was adamant that whoever owned the company, "our ultimate mission is to get as many children as possible eating healthily, and if that doesn't change I'm not sure how much difference it makes" as to who owned the company and the Ella's Kitchen brand. Returning to the more immediate concerns of the US expansion, the Lindleys and their UK team were busier than ever coordinating with the Treehouse team. With the substantial investment made in the US subsidiary, it was critical Ella's Kitchen was in the best position to really crack the US market and reach the 1 billion Tiny Tummy Touchpoints milestone worldwide. Reflecting on that goal, Paul Lindley wondered whether Ella's Kitchen was ready for this next big challenge.

Key Learnings

Ella's is an example of branding excellence because it is cohesive - the product, the story, the use of sensory branding, language like The Treehouse and Tiny Tummy Touchpoints, the corporate culture and the management vision to bring it international from early on in its development. Its success is due to its 'relentless focus on the consumer'.

Consumers identify with causes. With globalization there are more and more opportunities to tap into trends and values that transcend national borders and cultural barriers and develop products that meet those needs. Championing a cause with a brand is not enough, however; the

product and the marketing need to stand the test and evolve with the needs of the market.

Innovative marketing can help build a brand at scale. The Lindleys launched a national brand overnight by thinking big and developing a novel revenue share model, which suited both parties, Viacom and Ella's. They still had to fulfill the brand promise with every SKU sold however.

Branding internally becomes increasingly important as the business grows. Everyone in the team represents the brand, which is both an opportunity and a risk. A cohesive team working toward a common goal and vision can produce a strong culture, which will touch customers, suppliers and partners.

Initial export markets may be off the radar in traditional models. Comparable markets may not be culturally close but may share other appealing characteristics with the home market. Businesses can learn from different export markets but focus is often key to succeeding.

As a business grows and organizational structures get more complex, management encounter new tasks and challenges in terms of sharing information and maintaining quality and/or consistency. Ella's has addressed this with respect to sustaining a strong and vibrant company culture and a clear brand proposition. It will nevertheless continue to face challenges as it grows internationally- cultural differences among its team and customers will mean the Ella's story is vulnerable to misinterpretation.

Ella's Kitchen is a perfect example of consumer oriented product innovation. The importance of the Lindleys' role in bringing that to

markets internationally cannot be overstated.

Notes and Key Take Homes from Ella's Kitchen: