



Burn-out or Champion? Brands at a crossroads

19-Feb-2019 - Mainz

The GfK has sounded the alarm. Many established brands are in a crisis, facing an imminent burn out. GfK presented the shocking results of its study during the 38th "Unternehmergespräch Kronberg".

Kohärenter Markenausbau der Dachmarke Frosch mit Fokus auf Nachhaltigkeit



Saubere Meere Heimischer Anbau EMAS

Frosch für saubere Meere

Frosch Zitronen WC-Reiniger

Frosch Orangen Universal-Reiniger

Frosch Grapefruit Einlöser

Frosch Aloe Vera Handseife

Flaschen aus 100% Altplastik. Rezepturen frei von Mikroplastik.

Charts: GfK 2019

At the annual kick-off event of the largest German marketing research institution, top managers from manufacturers of foodstuffs and personal care products meet with GfK experts to assess the prior year, examine upcoming trends and look at potential opportunities.

For this year's business discussions, GfK took up the question of how an established brand in the FMCG (Fast-Moving Consumer Goods) industry can become and remain a champion. To that end, the market research company analyzed 2,706 brands in 333 categories over the course of two years (2016-2018). The study reports that burn-out brands outnumber brand champions and that consumer trust has eroded in recent years. According to GfK, the brands' focus on market coverage and revenue has led in many cases to pointless activities that negatively affect consumer loyalty and trigger a downward spiral. GfK concluded from its analysis that buying incentives such as discounting, price reductions and promotions succeed only in the short term if at all. Brands ensure lasting loyalty and sustained growth only when they develop fundamental charisma along with market penetration. That's what makes a brand a champion.



One of four brand champions: The Frosch family brand

Despite the generally unstable environment, GfK was able to find four brand champions, including the Frosch brand from the cleaning products manufacturer Werner & Mertz. According to GfK, the continuous success of this family brand can be attributed to the coherent product range expansion with a focus on sustainability. All PET cleaning product bottles for the Frosch brand, for example, are made of 100 percent used plastic with a 20 percent share of rPET from the Yellow Bag collection system. Furthermore, no microplastic is in the formulas, which contain active ingredients from plants cultivated in Europe. The cleaning products manufacturer Werner & Mertz demonstrates its integrally sustainable approach in all its products. Using a positive approach, the trusted Frosch brand increases consumer awareness of relevant environmental issues with the campaign "Frosch for clean oceans".

"The end consumers understand and respect the holistic orientation of our Frosch brand," says Reinhard Schneider, the owner of Werner & Mertz. "The GfK study now delivers more proof that our company's stance is reflected in our brands. Our sustainability focus generates a high level of acceptance and trust in consumers."

Consumer loyalty can be seen in the sales figures. GfK reported that the Frosch market share grew by 14 percent between May 2016 and May 2018 and that revenue growth increased by 21 percent in the same period. Werner & Mertz achieved those results even though the company does not offer discounts on its Frosch brand and uses promotions only to a limited extent. "Our study shows that coherence and quality generate sustainable success and that continuous growth can be achieved only with brand charisma that sets apart brand champions like Frosch," Dr. Robert Kecskes, Global Insights Director at GfK.

Microplastic is the main topic in 2019

Kecskes predicts that microplastic will be a major issue for the FMCG industry in 2019. Given the extensive media attention to the problem of marine litter, consumers have become aware of what's happening in the world's oceans. "We do without primary microplastic in our formulas and since 2012 we have been working within the scope of our Recyclate Initiative to put our bottles into a closed-loop recycling system so that they won't end up in the ocean as secondary microplastic," said Schneider. "Perhaps the clearly increasing consumer demand will help us to convince competitors to join our Open Innovation initiative and encourage them to follow our lead."

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