



Bel Brand: The Laughing Cow Challenge

Case

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Abstract

This case features Bel Brand's efforts to position its flagship brand The Laughing Cow in the United States. The challenges in this case are twofold. First, choose a viable position for a brand after a period of high growth following the South Beach Craze. The difficulty here is that the initial driver of the brand's position, the South Beach Craze, an environmental factor, is dwindling and is not sustainable. Second, the brand was receiving pressure from global stakeholders to try to unify the positioning in the United States with the global brand positioning. These are both challenges that were faced by the marketing team and raised in the case.

Case

On February 9, 2006, Ann Legan, marketing director of Bel Brand USA, had just ended a long meeting with the executives and heads of research for The Laughing Cow®, the company's flagship cheese brand. For hours the group had analyzed the product's positioning and debated whether a repositioning was needed.

The Laughing Cow had enjoyed strong sales after being recommended by the South Beach Diet® in 2003, but sales slowed as the low-carb diet craze dwindled and competition grew more fierce. Legan also had to consider the desire of global stakeholders to see the U.S. market give up its healthy-snack positioning and adopt the brand's global family-focused positioning. She needed to find a relevant and meaningful way to position The Laughing Cow to the American consumer that did not conflict with the core essence of the brand's heritage.

After the meeting, Legan returned to her office fully aware she was facing a crucial decision that would have a significant impact on the future success of Bel's star product in the United States.

Company

Bel Brand USA was a subsidiary of Fromageries Bel, a family-owned cheesemaker headquartered in Paris that specialized in high-quality, brand-name cheeses. Fromageries Bel had successfully focused on the French “melted” (spreadable) cheese market and had developed its flagship brand *La Vache Qui Rit*® (The Laughing Cow) at home and abroad.

The first Bel subsidiary outside France was created in 1929 in the United Kingdom. The company's international expansion continued in Western Europe, and then spread to the United States and Morocco in the 1970s. Recently added markets included Algeria, Syria, Iran, Japan, China, and the Czech Republic. By 2011 Bel had more than 11,300 employees worldwide and sales of \$1.8 billion, more than 80 percent of which were generated outside France.

The Bel family remained influential and active in the management of the Bel brand by operating a holding company, La Carbonique, which held 85 percent of the company's voting rights. The family's 60 percent share of La Carbonique reduced the likelihood of attacks or takeovers by outsiders or competitors.

Bel believed that organic growth was critical to running a sustainable business. To drive growth, Bel was committed to innovation as well as developing strong, differentiated brands. The company had launched nearly eighty new products since its inception to meet consumers' growing expectations. Consumers were at the forefront of Bel's efforts, and the brands thrived globally through its commitment to developing products that were relevant to the local communities in which they were sold. In 2006 more than 33 million portions of Bel cheeses were eaten around the globe, underscoring the success of the company and its brand.

Bel Brand: The Laughing Cow Challenge

Bel's key success lay in its impressive portfolio of brands. The company had maintained a presence in the United States for nearly forty years, selling The Laughing Cow, Mini Babybel, Boursin, Kaukauna, and Mercks branded cheeses. The majority of Bel products sold in the United States were made in Leitchfield, Kentucky, and Little Chute, Wisconsin.

Bel's corporate philosophy reflected core values such as ethics (i.e., honesty, trust, respect for people and the environment); innovation (i.e., anticipation, creativity, entrepreneurial spirit); enthusiasm (i.e., drive, audacity, commitment); competence (i.e., broadening the brand's know-how by using new technology and delivering excellent products); and cohesion (i.e., sharing, listening, team spirit). Consistent with the importance of food quality in the French culture, Bel emphasized a serious commitment to nutrition and believed that eating well was an essential component of healthy living. Bel executives felt that the reliance on France's cultural image was a key asset that could be leveraged to support the brand in the market.

The Laughing Cow

In 1921 Leon Bel introduced the first spreadable cheese under the registered trademark name *La Vache Qui Rit* to the French marketplace. It was the first branded cheese, and also the first to be packaged in miniature, individual portions. The product's unique texture, taste, personality, and marketing helped to build a powerful global brand, and The Laughing Cow grew into a household name.

In addition to being a pioneer of modern brand marketing, Leon Bel was also an early adopter of advertising techniques that would be widely used in later years. Not only did he make great use of France's new radio networks in the 1920s and 1930s but he also communicated about his brands by using multiple supports (such as posters) and clever product placements, including a bicycle race, games, and children's gifts—such as trading cards—included in the cheese's packaging. Bel followed these initiatives up by creating a publicity department in 1926, aimed at developing new customer insights through multimethod techniques such as questionnaires and tasting groups. The company's advertising remained very dynamic, embracing both television and radio. In addition, the brand had a strong presence on the web and was actively involved in social networking websites such as Facebook.

By the early 1930s The Laughing Cow had become an international favorite. Bel started importing the cheese to the United States in 1957, and began manufacturing its flagship product in Leitchfield, Kentucky, in 1975.

The current global positioning of The Laughing Cow was as a wholesome family product. An emphasis on children permeated its advertisements (see Exhibit 1), which presented the cheese as a tasty, friendly companion that complemented family values. This strategy proved to be a successful way of extending consumption to more than one target, as winning the children's market was a key to the whole family.

The Laughing Cow in the United States

Pre-South Beach Diet (before 2003)

Prior to 2003 The Laughing Cow's target was undefined and generic, with Bel hoping to reach all “cheese lovers.” At times the company borrowed advertising messages it had used in other parts of the world—which reinforced the product as a family staple—in the United States, without taking into account the specifics of the U.S. market. Other times advertisements paired the cheese with wine to make it seem more upscale to fit in grocers' specialty sections.

There was little sales strategy and, at that time, the company's size in the United States prevented The Laughing Cow from being distributed as widely as executives wished. The company formed different relationships with grocers of various types and sizes, which meant that the product was presented in diverse places in stores depending on grocers' policies. In some stores The Laughing Cow appeared in the deli with specialty cheeses, but in others it was placed in the dairy section. This only complicated the brand's positioning efforts, as the cheese had different meanings to consumers depending on where it was carried. For example, when placed in the specialty cheese section, The Laughing Cow was seen as a gourmet, imported cheese spread. When included in the dairy section, it was viewed as a versatile family snack.

Overall, Bel recognized the lack of a consistent, coherent strategy and clear brand positioning as a stumbling block that had prevented The Laughing Cow from taking off in the U.S. market.

South Beach Diet Craze (2003–2006)

In 2003 a number of low-carb diets became popular in the United States, most notably the Atkins and South Beach Diets. The South Beach Diet in particular singled out The Laughing Cow as a healthy, low-calorie, portion-controlled snack.

Bel embraced this serendipity in the marketplace as a strategic opportunity. From 2003 to 2006 the brand drastically changed its marketing strategy to match this new perspective. The brand's typical target was “Diana,” defined by the demographics of existing Laughing Cow consumers as suburban, higher-income, mature 35+ moms. Whereas the brand's past positioning was vague and inconsistent, it now became concrete and focused on health and diet, specifically by reinforcing the low-carb, low-calorie benefits followers of the South Beach and Atkins Diets were looking for in a brand (see Exhibit 2 for sample advertising execution).

Market and Competition

As a worldwide leader in cheese packaged in individual-size portions, The Laughing Cow was often seen as a family staple strongly associated with childhood. However, whereas Bel's brands had dominated the children's market in France, the United States was highly crowded with other competitors and presented a challenge to Bel's dominance. Despite its presence in the United States for decades, by the turn of the twenty-first century The Laughing Cow brand (including Mini Babybel) commanded less than 5 percent household penetration and less than 50 percent brand awareness. Marketing efforts to that point had been simple cut-and-paste exercises from other markets, targeting the cluttered all-family segment.

Substantial players such as Kraft and Sargento led the U.S. market. Kraft enjoyed the highest level of awareness (76 percent) and represented 34 percent of the market share (see Exhibit 3). Its flagship product, the classic silver-packaged brick Philadelphia Cream Cheese, emphasized its sweet taste, with a promise of delivering a “Philly moment.” Bel's other competitors, Saputo Cheese and Sargento, had fair recognition as well, and adopted a more local positioning centered on Midwestern home values.

When the popular South Beach Diet singled out The Laughing Cow as a healthy, low-calorie, portion-controlled snack, the brand was temporarily set on a different trajectory (see Exhibit 4 for the financial results of this approach). The brand team jumped on the excitement surrounding its newly found popularity and positioned The Laughing Cow as a health brand for adult women. However, shortly after the South Beach Diet craze dwindled, the brand's growth hit a plateau. Global stakeholders, particularly those attached to the brand's initial positioning, resisted having two almost opposite versions of the brand in different countries. The U.S. brand team was faced with the challenge of developing and growing a brand that was relevant and con-

nected to the U.S. audience while staying true to the brand's DNA that had been established in France and the other global markets it dominated.

Decision

Legan reviewed the three positioning alternatives developed during the meeting:

1. Position the brand in a manner consistent with its European heritage as a family staple strongly associated with children's needs in order to align the United States with the overarching global positioning.
2. Position the brand around the health halo that South Beach created in a manner that was somehow more relevant now that the low-carb craze was dissipating.
3. Choose a new position for the brand that would increase The Laughing Cow's autonomy and its own identity in the United States. This might entail leveraging the brand's quality, taste, or other values.

Legan needed to recommend a positioning that would help The Laughing Cow build on its recent success and adapt to changes in the U.S. market.

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