

Square Bagels!

You might say this is the story of how a round bagel became a square meal.

The story begins when a Thomas' sales representative suggested they should make a square bagel. This wasn't an entirely original thought — after all, fresh bagel stores had been making them for years.

Still, Thomas' felt this shape variation could be a logical line-extension that would bring incremental revenue and fresh news to their current bagel business. And, as the number one maker of prepackaged bagels in the United States, it also made sense that Thomas' provide the same variety and novelties as a fresh bagel store.

Approaching this as a relatively simple-to-execute line extension, Thomas' launched square bagels in an Albany test market in June, 2005. With the descriptive name "Bagel Squares," the product met with moderate success.

Before rolling Bagel Squares out nationally, Pankaj Talwar, vice-president of marketing at Thomas', a division of George Weston Bakeries, who was in charge of the product launch, felt intuitively that it might do better with a more compelling name. So, Thomas' set out to do some research with consumers, with the intention of making the name more engaging. It's at this time that they asked us, as their innovation agency, to help with the naming work.

None of us could have predicted at the time — or been more surprised by — where the naming research led us.

To get the best input from consumers about a bet-

ter name for the product, we knew we needed to talk to people who knew the product well — those who had used Bagel Squares at home and were intimately familiar with them.

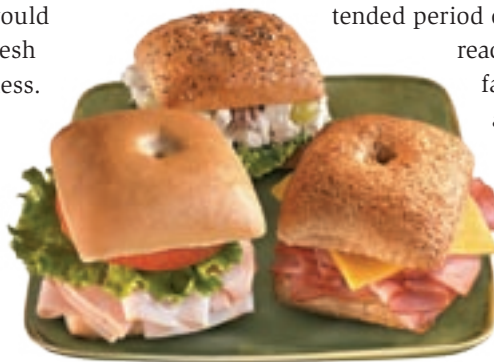
For this reason, before meeting in a focus group setting, we asked consumers to take part in a "home-use test" in which they used the product for an extended period of time and kept a journal of their reactions and thoughts (*i.e.*, who in the family liked or didn't like it, how and when family members were using it, and what other thoughts and reactions they had while eating the square bagels).

The home-use test and the follow-up focus group discussions revealed two critical insights that helped shape the destiny of the product. First, for bagel purists looking for bagel-shop bagels, this product didn't meet expectations. The texture of Bagel Squares was, for them, too soft to be a bagel, and lacked the crispy outer crust that characterized a bagel-shop bagel.

But for other consumers — those who were regular users of prepackaged bagels — the story was quite different. They found a variety of uses for the square bagel — including many outside the breakfast realm. They used it

to make sandwiches at lunchtime, for example. For them, square bagels were a huge hit: They had all the flavor of a bagel and the soft texture of bread. That meant they made for a sturdy, hearty sandwich that didn't fall apart.

These insights dramatically changed the team's thinking about Bagel Squares. It transformed our



A routine line-extension becomes a game-changing innovation for Thomas' Bagelbread.

thinking about the product as a small breakfast line-extension into one that had the potential to be a true, game-changing breakthrough. As Al Miller, senior product manager at Thomas', explains it, "This product could take us beyond breakfast and into the lunch and dinner eating occasions, which was new and very exciting territory for Thomas'."

That meant that our naming exercise had now turned into both a naming *and* a positioning challenge. By changing the name and how we communicated the products' attributes, we could create a unique and appealing offering for consumers.

The original name, "Thomas' Bagel Squares," implied the product was simply a square-shaped bagel. Yet, we knew from the research that if people bought the product expecting it to taste and feel like a bagel-shop bagel, they would be disappointed. For this reason, we needed to deemphasize the word "bagel" in the name.

Consumers led us to a more accurate and honest name for the product — Thomas' Squares" — and helped us craft a descriptor for a new product category, namely "Bagelbread." Given that we had talked to loyal Thomas' bagel users, it was not surprising that the name they led us to also fit well with Thomas' Brand heritage — traditional, simple, and honest.

With regard to the product's attributes and how we communicated these to consumers, it was no longer just a shape variation of a bagel. We made sure to convey this on the product package and in the advertising by visually emphasizing product usages, such as hearty sandwiches, burgers, and garlic bread.

As an added bonus, the revised positioning for this product offered benefits for retailers in addition to consumers. "We love it when we see a fresh idea," explains Dean Hawkins, vice-president of sales, George Weston Bakeries, and responsible for the Thomas' relationship with Wal-Mart. "Especially if the new product is as innovative as this is and brings excitement to the whole category. That's a win-win for Wal-Mart and George Weston."

When Thomas' Squares Bagelbread was rolled out nationally, it was an instant success, greatly exceeding original sales expectations and receiving the 2006 "Innovation of the Year" award from the trade journal *Baking Management*. It also set Thomas' up to create more offerings for the lunch and dinner eating occasions. "It's this kind of innovation that really drives our business and ensures we're poised for future growth," says Pankaj Talwar. "It has also changed our approach to innovation. We're much more disciplined now about going to the consumer early on to get their input into our new product ideas."

Buoyed by the success of Squares Bagelbread, the team kept the innovation momentum rolling by actively developing other new product ideas. As part of on-going consumer research, we made sure to follow up with now-loyal purchasers of Thomas' Squares Bagelbread.

Interestingly, this continued research led us to further insights about the product — nuances we had not picked up in our original research — and another new product idea. Though Squares Bagelbread was a huge hit, it was largely being used to make sandwiches for the big eater, namely men and teenage boys. Many women with smaller appetites, children, and dieters felt the original size was much too large for them.

This, of course, led to the logical line extension of Thomas' Mini Squares Bagelbread. Designed with these consumers in mind, it launched in February of 2007. Because of the success of the original Squares Bagelbread, this new size caught the attention of major food retailers, who also saw its potential.

Chris Steiner, senior product manager at Thomas', describes the thought-process that went into Mini Squares Bagelbread packaging: "We wanted to give it the most shelf appeal we could. So we made the packaging a square shape that set it apart from the rest of the Thomas' line and put it in an earth-friendly tray that conveys the freshness image that Thomas' has always represented. That makes this latest innovation a winning proposition for all — Thomas', the retailers, and the consumer."

It's to Thomas' credit that, in the case of Squares Bagelbread, they had the flexibility to innovate even after the product had been test marketed. So, what appeared to be a modest line extension was given room to blossom into a bona-fide, game-changing innovation that opened up new doors — in the form of new eating occasions — for Thomas'. ■



GARY FRASER and BRYAN MATTIMORE

are principals at the **Growth Engine Company**, (www.growth-engine.com), the innovation agency of record for Thomas'. The Growth Engine Company partners with companies to provide a continuous stream of innovative products, services, and ideas for top-line growth.

With more than forty-five years of experience as project-based innovation consultants, Growth Engine has converted to an agency model to help companies facilitate a long-term approach to continuous innovation.