



# Revitalising the Slurpee brand



## 1 Introduction

7-Eleven is the world's largest operator of convenience stores with more than 35,000 franchised and licensed stores in 17 countries generating annual sales exceeding \$36 billion. 7-Eleven Stores Australia Pty Ltd is a wholly Australian-owned family business operating as the independent licensee of 7-Eleven in Australia. The company has also recently entered into a binding agreement with Mobil Oil Australia Pty Ltd to acquire its retail fuels business. On completion of the acquisition in October 2010 7-Eleven will be the third largest private company operating in Australia, conducting more than 160 million customer transactions per year, with projected sales in excess of \$2.84 billion.

The acquisition comprises 295 company-owned or leased service stations, primarily located in the metropolitan areas of eastern Australia, taking the number of 7-Eleven stores from 400 to more than 650.

The Slurpee is the world's most popular frozen carbonated beverage and has become a 7-Eleven icon. Slurpee, first known as the 'Icee', was introduced in 7-Eleven stores in 1965 and was originally made using a converted automobile air-conditioner. In 1967 the name Slurpee was coined and it has grown to become one of the world's most recognisable proprietary brands.

The Slurpee has been available in Australia since 1977, when 7-Eleven opened its first store in Oakleigh, Victoria.

In Australia in 2009 more than 10 million cups of Slurpee were purchased, resulting in a lot of *BrainFreeze!*

As a brand integral to 7-Eleven the Slurpee had enjoyed healthy but plateaued sales over the years. 7-Eleven Australia had conducted very little research, marketing or significant advertising on the product for some time, essentially, because Slurpee sold itself. However, in the mid 2000s, as part of its 'Project Energise' program, 7-Eleven Australia embarked upon a campaign to reinvigorate the Slurpee brand by capitalising on Slurpee's inherent appeal to young people – the next generation of 7-Eleven customers.

## 2 Researching the Slurpee brand

Businesses must undertake ongoing **market research** to keep pace with market trends. The constantly evolving retail convenience sector, as well as the entry of Woolworths and Coles-branded fuel and convenience outlets, meant that 7-Eleven Australia needed to research ways to retain existing customers as well as grow their customer base.

7-Eleven already knew that Slurpee was a destination driver attracting customers into the store. Given the product's iconic status, they embarked upon a **quantitative** and **qualitative** market research campaign to discover customer perceptions related to the Slurpee brand.

One of the strengths of 7-Eleven's retail operations system is its in-built capability to monitor sales in real time. This quantitative research tool allows sales levels for particular products to be tracked on a daily and even hourly basis.

Using this information 7-Eleven Australia built a clear picture of current sales patterns and consumer behaviour.

- Overall Slurpee sales were steady, they were not increasing
- Each store sold an average of 60 units a day but with little annual growth
- Sales of Slurpee grew from Wednesday, peaked on Friday and remained high into the weekend
- The majority of Slurpee customers tended to arrive after school hours, with most sales occurring between 3 and 6pm
- Consumers preferred to buy larger serves and these were more likely to be bought during the peak time of 4 and 6pm.

Other quantitative research reinforced that Slurpee acted as a destination driver. Fifty percent of all 7-Eleven customers reported Slurpee as, "one of the main reasons why they visited 7-Eleven." In particular 72 percent of those aged 15 to 24 years old reported that the Slurpee was *the* reason that they visited a 7-Eleven!

Focus groups are an extremely important part of qualitative market research. 7-Eleven used extensive focus group sessions involving those key consumers who were in target segments that purchased the Slurpee. 7-Eleven classifies these segments as the 'Junior Junk Junkies', males and females aged between 16 - 21, and the 'Fast Fixers', males and females aged between 18 to 35.

The participants were asked a series of questions about 7-Eleven's Slurpee and other product ranges as well as more general lifestyle information, e.g. what they did in their spare time, their employment, the sorts of food they ate, the music they liked as well as other brands they would use. Focus group interviews help retailers construct a profile of their **target demographic** and also to gain direct feedback about their customers' product and purchase experiences.

## 7-Eleven has identified four major target segments in its customer profile.

- **Fast Fixers:** Younger, 18 to 34, more likely to be males in blue-collar employment, SINKs (single income, no kids)
- **Junior Junk Junkies (Subset of Fast Fixers):** Younger, 16 to 21, SINKs
- **Go-Getters:** Younger, 18 to 34, more likely to be males in white-collar employment, both SINKs and DINKs (double income, no kids)
- **Relaxed Run-Abouters:** 18 to 44, more likely to be males in white-collar employment, middle-income families
- **In transit top-ups:** 18 to 34, more likely to be females, DINKs and younger families.



7-Eleven Australia's market research identified that the target segments identified consisted of customers who were local to the area and that these customers valued freedom, fun, independence and a quick, convenient fast food fix. Consumers of the Slurpee saw it as a treat or a pick-me-up, which was also reflected in the quantitative research that showed that sales peaked after school hours and on Fridays and into the weekend.

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One of the main points to emerge from the market research was that customers felt ownership and control of the brand. This ownership was reinforced by the self-service experience associated with the Slurpee.

## 3 Positioning the brand

The market research showed 7-Eleven Australia that it needed to "create a connection to the brand not just the product." Although Slurpee 'owned' the frozen carbonated beverage market, the company couldn't be complacent. 7-Eleven Australia needed to ensure that Slurpee remained a destination brand and that the next generation of 7-Eleven customers was recruited.

The research had revealed that Slurpee belonged to young people and that the act of purchasing and consuming the product was also an experience in itself. These young consumers were able to choose their own cup, mix flavours, and bang the cup to squeeze a little bit more in, as well as deal with the inevitable *BrainFreeze* when drinking. These very experiences were found to be at the





heart of the Slurpee brand and helped reinforce this youthful vibrant energy far beyond the simple consumption of a frozen carbonated beverage!

This insight directly informed the **brand proposition** “Slurpee is more than a drink, it’s an experience.”



#### 4 Bringing the brand proposition to life

A visual identity was created that celebrated the Slurpee experience by bringing to life four things their youthful market generally associated with the Slurpee experience: Cram more in! Brain Freeze! Colour your Tongue! Mix it up! Actual customers were cast as ‘Slurpers’, and quoted to create a new visual language for the brand that was rolled across all brand touch-points, packaging and point-of-sale locations etc.

To deliver this new positioning in-store 7-Eleven Australia set about creating an experience that competitors would not be able to replicate. Core to this strategy was the development of separate Slurpee zones.

These brightly coloured zones allowed customers to create their Slurpee in their own special place within the store and provided a highly visible beacon for the brand. Slurpee zones are an informal gathering point for young people, a place where they could take their time concocting their favourite frozen treat and having fun.

The Slurpee Zones offered their young customers a social experience as well the opportunity to mix flavours and enter prize competitions. These zones also incorporated new display units to encourage co-buying of products such as snacks and confectionery.

In essence, the Slurpee Zone was delivering a retail experience controlled by the customer with the opportunity to add-value beyond a simple consumptive purchase

Improving equipment downtime was also a key to driving sales and improving customer satisfaction. A key consumer frustration was the Slurpee machine being broken and therefore 7-Eleven designed and implemented the *Slurpee U* training program for all franchisees to improve understanding of the brand and ensure consistent delivery in store. *Slurpee U* is now a key part of franchisee induction.

#### 5 Marketing and promoting Slurpee

It might have been argued that for many years Slurpee sold itself. However as the retail convenience sector became even more competitive it was vital that retailers developed good **marketing**, promotional and **public relations** campaigns.

The promotional strategies included building sales beyond the traditional summer season by introducing ‘shoulder’ (prior-to and after-peak) campaigns. To drive out-of-season relevance, each shoulder campaign offered a new Slurpee product that had benefits beyond refreshment. These products, including sports and energy versions of the Slurpee, were not only the first to market in their categories, but exclusive to 7-Eleven (see section 6). The shoulder campaign strategy has increased ‘off peak’ sales by more than 200%.

In addition to the shoulder campaigns, 7-Eleven introduced new flavours on a year-round basis. This was a key differentiator from the standard cola and raspberry flavours offered by competitors.

7-Eleven also developed confectionary partnerships with brands that share Slurpee **brand values**. This encouraged customers to make multiple purchases and further built the Slurpee brand.

A number of campaigns were developed to drive traffic and get people into 7-Eleven stores to specifically get a Slurpee. These

### 7-Eleven Innovations

In 2006 7-Eleven embarked upon its \$22m ‘Project Energise’ program which extended well beyond revitalising the Slurpee. The objectives of this strategic plan were to:

- Streamline operations making day-to-day store management simpler and more efficient
- Update and tailor product mix and store image to continually meet customer demand
- Grow business by 12 percent with franchisee and company profitability growing at the same rate.

Four criteria were developed to assess the ongoing success of ‘Project Energise’.

- Deliver a better experience for customers
- Be simpler for stores to execute
- Be quicker to market than our competitors
- Deliver enhanced profit or bang for buck.

New innovations included:

- The heavily promoted fresh, ready-to-eat, healthier ‘munch’ range including fresh sandwiches and fruit salads to complement traditional, indulgent fresh offerings such as pies, donuts and muffins
- New contemporary concept stores offering specially designed store layouts, improved service counters, product feature zones, better lighting and a more inviting customer experience.

included an annual ‘7-Eleven Day’ on 7th November, when customers can get a free Slurpee at any 7-Eleven store. This promotion has grown from 75,000 giveaways in 2007 to 395,000 in 2009 and has resulted in an uplift in sales for the rest of November. A free small Slurpee was also offered for a limited time with any fuel purchase, recruiting new fuel customers to 7-Eleven and increasing fuel sales.

#### 6 Adding-value through new product development

Given Slurpee’s status as an iconic product, 7-Eleven Australia wanted to truly establish their destination brand by extending the Slurpee range.

Purchasing patterns in the carbonated beverage market are changing with a shift towards diet and sugar-free drinks, increased use of sports and other ‘health’ drinks and an ongoing shift away from full-sugared drinks. According to 7-Eleven’s research, even though the percentage of sales of sugar-free and diet-cola beverages is increasing, the full-sugared Slurpee is still maintaining its market share.



However, to tap into these emerging trends for healthier drink options, *Slurpee Juice* and *Sports Slurpee* were launched in 2008. These new products satisfied the growing trends favoured by teens for fruit juices and rehydration drinks and also helped to hold existing customers, as well as attract new customers.

Due to the increased popularity of ‘energy’ drinks, another new product innovation, *Slurpee Kick*, with taurine, was developed. This Slurpee was firmly positioned as an energy drink in competition with *V* and *Red Bull* and targeting a slightly older market segment. *Slurpee Kick* was supported by an irreverent online campaign featuring ‘*Raul the Mule*’. The extensive cross-platform campaign took advantage of online social networking sites such as *Facebook*, *Twitter*, *MySpace*, *YouTube* and more, to create a two-way dialogue with *Slurpee Kick* customers.

#### 7 Conclusion

The Slurpee, 7-Eleven’s own proprietary brand, has transcended the frozen carbonated beverage product market and like the Aspirin, Band-aid and Esky has become accepted as the default name for its own product category.



Slurpee’s move to self-service in the 1990s heightened customer’s product enjoyment experience.

As part of its ‘Project Energise’ program, 7-Eleven Australia embarked upon a campaign to reinvigorate the Slurpee brand. One key objective was to take advantage of Slurpee’s inherent appeal to young people, those who were also likely to be the next generation of 7-Eleven customers.

7-Eleven Australia undertook extensive quantitative and qualitative market research to find out exactly what their target demographic of young people, aged 12-25, thought of the product.

The Slurpee revitalisation program resulted in enhanced point-of-sale promotional material and cup design, development of new Slurpee Zones, new product innovations and ongoing promotions, competitions and tie-ins.

After many years with stagnant sales growth, the revitalisation program produced more than 20 percent growth in sales and profit in 2008. The Boronia store alone grew its Slurpee unit sales from 30 to 250 in one single day!

With further product innovations planned, 7-Eleven hopes to be responsible for an ever-increasing number of cases of *BrainFreeze* for many years to come.

## GLOSSARY

**Brand proposition** The set of benefits a consumer stands to gain by using a brand or product. These propositions arise from associations created by a brand’s values.

**Brand values** The key aspects, message, or factors specific to the brand. A brand value can create an immediate and identifiable association in the mind of a consumer.

**Marketing** The range of activities that relate to identifying, anticipating and satisfying customer needs (profitably) by means of standard tools such as market research and promotion.

**Positioning** The process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organisation. This involves target market, brand value, product niche and other associations surrounding the product.

**Public relations** Activities, extending beyond advertising, that communicate an image or value of a business or product to a range of stakeholders such as employees, the broader community, media, investors and government.

**Market research** Finding out information about the characteristics of potential customers to solve marketing problems and help with marketing decisions.

**Qualitative** A market research technique that attempts to obtain opinions and values from a sample of target consumers. The research often uses focus groups and open question surveys to elicit feedback about products, campaigns or other commercial issues.

**Quantitative** A market research technique that attempts to obtain measurable findings from a sample of consumers. The research focuses on measuring and counting facts and the relationships among variables, and seeks to describe observations through statistical analysis of data.

**Target demographic** A particular market segment/group at which a marketing campaign is focused.

Questions & Extension Activities for  
7-Eleven are on  
[www.afrbiz.com.au](http://www.afrbiz.com.au) & [www.bizcs.co.nz](http://www.bizcs.co.nz)

You will also find links to the  
7-Eleven website