

Cookie Aisle

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Published: October 4, 2003

Finding old-fashioned Oreo sandwich cookies on supermarket shelves is no easy task these days.

The toothsome snack's progeny, like the flashier Fudge Mint Covered Oreo, the heftier Oreo Double Stuf and the bite-sized Mini Oreo, now crowd the cookie aisle, leaving the 91-year-old original wedged into the tiniest of corners.

Marketing experts call it extending the heritage brand. Rather than spending millions to develop and market new brands, food marketers are stocking the shelves with new twists on old, familiar names. Snickers, for instance, flavor Edy's ice cream. Nestlé candies are sprinkled on Chips Ahoy cookies. Trix cereal has migrated into Yoplait yogurt. And Reese's Pieces have become a cereal called Reese's Puffs.

But few foods are as ubiquitous as the humble charcoal-colored Oreo, which has a basketful of spinoffs, from candy bars to ice cream to pie crusts. Such versatility has helped to more than double the sale of all things Oreo over the last decade -- close to \$1 billion. Not bad for a brand that is older than the automobile assembly line.

There are, for instance, Oreo O's breakfast cereal, Oreo ice cream, Oreo Jell-O, Oreo pudding crust, cake mix, frosting, brownies, granola bars, and, just in time for Halloween, Oreos with pumpkin-colored cream fillings.

Marketing experts say Oreo is not just a cookie anymore, it's practically a flavor. But, they warn, there are dangers in tinkering with valuable brands. Chiefly, they worry about saturating the market, and there are some signs from Kraft Foods Inc. that cookie sales are slowing.

Still, they marvel at how Kraft and Nabisco have found so many new ways to use Oreos and to get people to buy them. Nabisco, the creator of Oreos, merged with Kraft in 2000 and Kraft was spun off from Philip Morris a year later.

"The industry term for this phenomena is line extension," says Alan Brew, a marketing expert at Addison, a corporate branding consultant in San Francisco. "This widens the franchise. And it's defensive. To stop a micro-product from coming in, you attack yourself, all the time, before someone else attacks you."

Yet close comparisons are hard to come by. Coke evolved into Diet Coke, Cherry Coke, Diet Cherry Coke, and even Vanilla Coke. But that was nothing like the hyper-evolving, perpetually repackaged, category-migrating Oreo.

There is the Double Delight Oreo, the Uh-Oh Oreo (vanilla cookie with chocolate filling), Oreo Cookie Barz, Football Oreos, Oreos Cookies & Creme Pie, Oreos in Kraft Lunchables, for kids, and Oreo cookies with a variety of cream fillings (mint, chocolate, coffee) and sizes (6-pack, 12-pack, snack pack and more).

According to the latest Oreo promotions, there is even an Oreo cookie that, when liberally dunked in a glass of milk, will turn the milk blue and win some lucky Oreo dunker a \$1 million prize.

"Every year we talk to consumers and Oreo lovers," says Daryl Brewster, Kraft's president of the biscuits, snacks and confections. "And what we found is tremendous amounts of desire for the next Oreo experience."

These days, food companies like to talk of eating "experiences." Ketchup isn't just ketchup, it's jazzed up with green food coloring and made into a kind of finger paint for finger food -- for children to play with and squirt on mashed potatoes.

Kraft approaches the Oreo in the same way. Eating an Oreo isn't just eating an Oreo, they say, it's the experience of dunking it in milk, twisting it apart and licking it clean.

Believing as they do in the Oreo experience, the issue for Kraft executives boils down to this: Why introduce a new cookie brand when you can just keep reinventing the Oreo?

"It's much more economical to extend a brand rather than create a new one," says Judy Hopelain, a brand strategist at Prophet, a consulting firm in San Francisco. "It's also probably a lot easier to get shelf space for a well-known brand."

The strategy seems to have worked, analysts said.

"Between 1998 and 2001, the Oreo had annual compound growth of 13 percent," says John McMillin, a longtime food analyst at Prudential Securities. "These days, few things in the food industry even grow 3 percent."

But Kraft's most recent profit report suggests the Oreo gravy train may be slowing. The company said that cookie sales over all have weakened, but some of that weakness was offset by a strong introduction this year of the Uh-Oh Oreo.

Some Wall Street analysts are now warning of trouble ahead because cookie sales generally are forecast to continue to fall. Kraft officials declined to say whether Oreo sales were declining, or whether the drop was in other brands, like Chips Ahoy or Ritz crackers.

"The Oreo line extensions have been successful," said William Leach, a consumer analyst at Neuberger Berman, an investment firm based in New York, "but the whole line is getting soft."

There are other problems, as well. The Oreo, like most mass-produced cookies, gets some of its texture from trans fatty acids, which raise the level fat and cholesterol in the blood, may lower the level of high density lipoproteins, often called good cholesterol. Last year the National Academy of Sciences said the level of trans fats in the diet should be as low as possible.

Kraft and Nabsico have responded to the controversy in a familiar way, by introducing yet another kind of Oreo, a reduced-fat variety to join the double-filled and the fudge-covered.

Kraft executives say that for the last few years, focus groups and market research shows that consumers want more and more varieties of the Oreo, which was created in 1912 by the National Biscuit Company, later known as Nabisco.

But there is a concern that too much tinkering could tarnish the brand. The lesson of New Coke -- introduced and then withdrawn by the Coca-Cola Company after complaints from faithful customers -- has not been lost on Kraft.

That is not to say that Oreo fans will not test the limits on their own. Just ask those people who delight in making deep-fried Oreos by soaking them in pancake batter before frying them in cooking oil.

Is Kraft, which has already blanketed the world with its billion-dollar cookie, running out of ideas?

Nope.

"There are some places we won't go," Mr. Brewster, at Kraft, says. "But there are still a lot of places. As long as we continue to listen to consumers, we'll be O.K."

Chart/Photos: "Piling On The Cookies" In the Oreo's first eight decades, Nabisco tried only a handful of variations on the original. But in recent years, it has stretched the line to more than two dozen by varying the size, the filling, the biscuit recipe nearly everything but the brand name. Here are some examples now on store shelves. The following incarnations of the Oreo are pictured: ORIGINAL -- 1912 DOUBLE STUF -- 1974 FOOTBALL OREO -- (Football design on biscuit) -- Seasonal CHOCOLATE CREME OREO -- 2001 UH OH OREO -- (Vanilla cookie, chocolate filling) -- 2003 DOUBLE DELIGHT -- COFFEE & CREME -- 2003 DOUBLE DELIGHT -- PEANUT BUTTER & -- CHOCOLATE -- 2003 DOUBLE DELIGHT -- MINT N CREME -- Introduced in 2003 (pg. C1)

Chart: "Stretching a Brand" The number of Oreo products available has grown to include cookies with different flavors and colors, holiday cookies, ice cream, desserts and cereal. Products only released for a limited time are not shown.

1990 NUMBER OF PRODUCTS IN OREO BRAND: 6
 PRODUCTS AVAILABLE IN 1990: Oreos Double Stuf Oreos Oreos in cookies and cream ice cream Fudge Covered Oreos Holiday tins White Fudge Covered Oreos (for holiday season)

1995 NUMBER OF PRODUCTS IN OREO BRAND: 14 NEW PRODUCTS 1991-1995:
 Halloween Oreos, with orange filling Oreo ice cream cones Oreo crunchies for ice cream Reduced Fat Oreos Oreo cookie pie crust Oreo Cookies & Cream Pie Oreo Brownies Holiday Oreo cookies, with red filling

2000 NUMBER OF PRODUCTS IN OREO BRAND: 17 NEW PRODUCTS 1996-2000:
 Spring Oreo cookies, with blue filling Oreo O's cereal Mini Oreos

2003 NUMBER OF PRODUCTS IN OREO BRAND: 27 NEW PRODUCTS 2001-2003:
 Chocolate Creme Oreos Chocolate Creme Mini Oreos Jell-O Oreo Pudding Snacks Double Delight Oreos

1. Peanut Butter & Chocolate
2. Mint n Creme
3. Coffee & Creme

Oreo Cookie Barz Lunchables Cookies 'n Frosting

1. Fun Snacks
- Jell-O No Bake Oreo Dessert
- Uh-Oh Oreo (Source by Kraft)(pg. C2)