

## Pinnacle Programme – Session 8

## Building SME brands



VitHit founder Gary Lavin was the guest speaker for the final session in the Crowe Horwath 2018 Pinnacle Programme series. He told his story of how through determination and perseverance he built his brand into the global success story it is today.

VitHit is a range of low-calorie, low-sugar drinks containing water, juice, teas and vitamins. Their products are currently selling in 15 countries with sales of over 16 million bottles a year. They have plans to launch in four new markets this year – UAE, Australia, Sweden and Austria.

With a growth rate of 35% per annum VitHit is the fastest-selling functional drinks brand in the UK and the market leader in Ireland. With a well-justified belief in the strength of his brand, Gary has further ambitions to become the strongest brand in the global functional drinks market.

### Building brand value

Before Gary spoke, Clodagh O'Brien, a partner in Crowe Horwath's consulting department, set the scene with a brief overview of the key building blocks to building a brand that reaches and resonates with your target market.

She spoke about the importance of branding. In her experience, branding for SMEs is often something that isn't a primary focus, but needs to be. "We believe that branding is at the centre of everything that you do," she says. The best brands are coherent, consistent, relevant and continually focus on all aspects of their brand.

- 1. Brand platform.** This provides the building blocks for your brand and one of these blocks would be the brand's personality. Clodagh urges business owners to think about what kind of personality their brand embodies. Is it more serious or fun? More expert or irreverent? Your brand personality will influence your tone of voice and the language you use in messaging. Brand values are another key element of your brand platform. They should reflect your organisational values – the core behavioural traits of your business. Clodagh says, "Everybody stands for something, and every business stands for something."

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- 2. Brand positioning.** Brand positioning is looking at how you compare or don't compare to your competitors, and what your value proposition is. "What are the emotional and rational benefits that people get from using or interacting with your product or service?" asks Clodagh. Often when differentiating yourself, it's about what you're not as much as what you are.
- 3. Brand identity.** How you want to look to your target audience is a significant part of bringing your brand to life. This can often be a starting point in the eyes of the consumer for differentiation between brands.
- 4. Target audience.** A deep understanding of your brand will better help you understand your target market. Most brands will have a wide range of audiences but it is important to focus on a bullseye audience. It is also important to consider how your brand connects with key decision-makers other than the end consumer. In the case of FMCG brands, for example, they could be distributors or buyers, so how well does your brand align to theirs?
- 5. Messaging.** Modern brands recognise the power of telling a story. Strong brands bring themselves to life through telling a story that resonates and connects with their target audience. In your messaging, you have to look at your target audience and think, "How can I bring my story to life in a way that will motivate them to purchase my product or service?"

- 6. Communication channels.** When identifying a communication channel, Clodagh says “it’s really about thinking, where do my target audience go when they’re looking for information and why are they on the particular channel that they’re on?” Different channels work for different audiences. Similarly, some channels are better than others for different tasks or at different times. For example, outdoor and print work well for brand recognition, radio works better for creating an emotional connection with an audience and digital can be very strong for direct response.
- 7. Customer engagement.** Speaking on customer engagement, Clodagh says that it is important to have interactive communication and to give customers the chance to talk back and respond. Strong brands recognise the importance of creating a dialogue with their customers.
- 8. Employee engagement.** An important element of branding is about recruitment and making sure you attract the kinds of people that will live and define your brand. “Employee engagement ensures that every single time that a customer or potential customer has an interaction with the business, there is a coherent message and coherent behaviours,” says Clodagh.

## The VitHit journey



Crowe Horwath partner Gerard O'Reilly (left) and managing partner Naoise Cosgrove (right) with Gary Lavin at the Pinnacle Programme.

“I’ve had a lot of pitfalls, lost a lot of money. I walked into a lot of walls, got bruised and battered. I failed many times, I just didn’t actually give up,” says VitHit’s Gary Lavin. Ross Perot once said, “Most people give up, just as they are about to succeed,” which without Gary’s self-belief could have been true of VitHit.

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The brand was born out of Gary’s distaste for sugar. A former professional rugby player, Gary was always keen

on nutrition and well-being, but was ahead of his time when it came to understanding the importance of reducing the body’s intake of sugar. After suffering a career-ending injury at the age of 24, Gary was forced to look for an alternative career.

He traces his idea for VitHit back to a gym in 1999. “I was on a treadmill and this guy who was running beside me got off and started drinking a Powerade. I thought, my God, does he not know there’s 28 grams of sugar in that and your body can only burn 25 grams of sugar a day? And then I thought, if he clearly didn’t know this, maybe everyone doesn’t know this.”

Back then Gary knew fat didn’t make you fat, sugar made you fat, and he believes this outlook is only coming into the mainstream now. Ahead of the curve, Gary set about creating his brand. “I wanted my brand to look as good or better than all the other products out there.” But the product also had to taste great. “If it looks great but doesn’t taste great you will get one sale and they will never come back.” Finally, not only did the product have to look great and taste great, the product had to be great. “I wanted the product to be clean inside and out.”

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The brand was originally called Vits, but after several years of poor sales he realised something had to change or he would go out of business.

The brand name was a starting point. Gary could not afford market research at the time, but from an informal college focus group he quickly learned that, in their eyes, the name “Vits” made the product sound German. From that, VitHit was born – a name that came to him in the middle of the night.

After that, sales went up about 30%, albeit from a very low base. Gary knew they were on to something, but it still didn’t look the part.

After finding a more premium-looking bottle in a UK trade magazine, Gary moved his manufacturing from Limerick over to the UK as the bottle was not available in Ireland. At that time Gary had no money to improve the brand look and feel, but managed to persuade a student to work for next to nothing in redesigning his labels. Initially he didn’t like the new design when it was presented to him on a board. It was only when it was placed on an actual bottle that he felt comfortable with the new design direction. Broadly, this design is the one that’s still used today, albeit with a few small changes over the years.

## Be direct

With a limited budget to spend on advertising and promotion, the brand had to be obvious in explaining the product to the consumer. The brand design also needed to stand out and grab attention on what is already a very cluttered and colourful shelf.

A key strength of the brand is its name – it is a shortcut to explaining what the brand will deliver. The label design’s visual cues and secondary messaging need to deliver the message in a split second. Be simple and direct, advises Gary. The secondary message consumers pick up from the label is another USP for VitHit – that it is low in sugar and calories.

In fact, when Gary pitches to retailers and wants to get this point across in a simple way, he uses a slide showing VitHit and competitor’s drinks with the amount of sugar represented in sugar cubes. With competitor products such as Juicy Water containing 28 grams of sugar, a customer couldn’t even eat a single grape without putting on weight, because the body can’t process that amount of sugar.

## Protect your greatest assets

Gary believes your brand name and the supporting elements are your most important assets. He is adamant about defending your brand. To protect these brand assets, Gary has had them copyright-registered in multiple territories. People have tried multiple times to create copycat brands, so protecting your brand is vitally important. “It is really important if you have a brand you’ve got to defend it like it was your kid. You have to have a love and belief in your brand.”

## Be ambitious

While VitHit is the fastest-growing or market leader in many territories within the functional drinks category, Gary feels he is in competition with all soft drinks, whether it’s waters, juices or carbonated soft drinks.

He believes in setting ambitious targets for his team and meeting up once a week as a team to check on progress. This way he ensures everyone knows what is expected of them and how they are performing.

An example of Gary’s ambition and persistence can be seen in his approach to his initial listing with Tesco UK. Frustrated that the product was placed down at the back of the stores instead of the front fridges and unable to persuade the buyers in charge, he took matters into his own hands.

He got on his moped and went around to individual stores, and using a mixture of charm and bribery (in the form of a couple of free cases of product), he convinced about 50 individual managers to move his product to the front fridges. After several weeks he was proved right as the brand became one of the top five best-selling out of nearly 50 competitor brands.

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VitHit’s current packaging and product range.



## Moving abroad

Gary recognises that an early mistake was rushing to get VitHit into too many markets before it was ready. “It’s important to set a stake in Ireland, get profitable here and get yourself set up.” Getting proof of concept in Ireland makes it easier when looking to set up elsewhere. “If you can sell drinks in this weather, you can sell them anywhere.”

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Gary recognises that VitHit is too dependent on the northern-hemisphere markets. Sales in winter can drop as much as 35% with the cold weather. Their ambition is to establish in more southern-hemisphere markets to compensate for that seasonal cycle.

For people looking to move into other markets, Gary believes that it’s all about making connections, going back again and again, and doing the right trade shows.

He believes that any barrier can be overcome. “If you want something bad enough, you’ll work hard. There’s always ways to get these things done,” he advises.

## Play to your strengths

“One of my strengths is knowing my weaknesses,” Gary says. The administrative side of the business, things like accounts and forms, is not something he’s particularly good at. He advises that you hire people who are better than you for areas you’re not strong on.

Gary also believes brands should stick to what they are good at. He is not looking to develop new VitHit products. He would rather spend his time expanding into new countries rather than shifting his focus to extending the product range. “Rather than spending 90% of your time coming up with new brands, spend 90% of your time on what you do really well.”

## Social media

Gary has been learning as he goes with regard to social media. It has taken a while to find the right channel and the right social media partner. They find Instagram is the most cost-effective for the brand to reach a wide audience, and it delivers a stronger brand recall than other channels. Instagram is hugely influential in the food sector. In fact, a UK-based coffee brand even went so far as to change their café tables to white marble as it would show off the product better when people post images online.

Gary recognises again where his strengths lie and is careful to hire a young intern to the team every year to keep up to date with the latest influences and trends in the social media space.

## About Us

Established in 1941, Crowe Horwath is a leading accountancy and business advisory firm in Ireland. Throughout our 75-year history, we have developed an unrivalled understanding of the Irish business environment and built a national reputation in auditing, tax and business consultancy.

We work with a variety of clients across commercial and public sectors. Our services include Audit & Assurance, Tax, Corporate Insolvency & Recovery, Corporate Finance, Consultancy, and Outsourcing.

We are also independent members of the eighth-largest accountancy network in the world, with colleagues in over 750 offices across 130 countries. Through this global reach we are able to offer clients a seamless service when trading internationally.

Our success is the result of our exceptional client service. Together with our clients, we work to optimise the present and maximise the future, tirelessly exploring all possibilities until we find the right solution. We help clients make smarter decisions today that create lasting value for tomorrow.

**Smart decisions. Lasting value.**

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