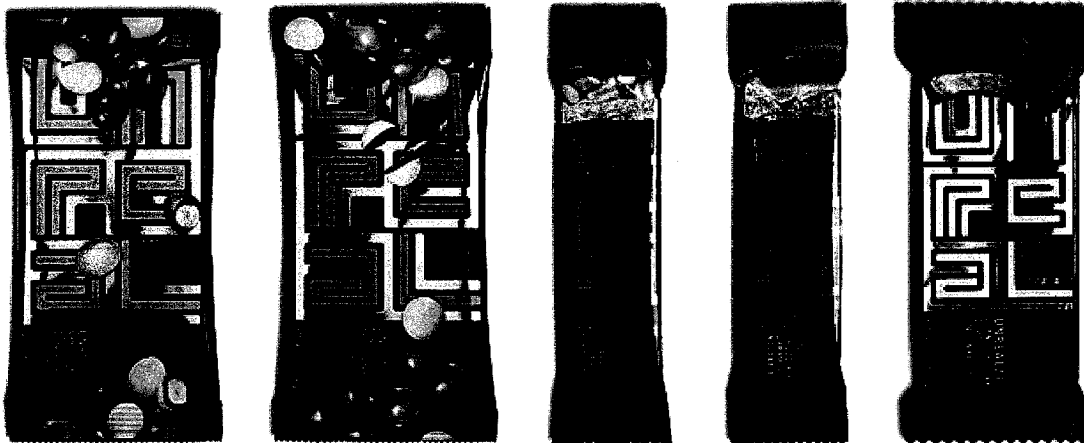


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Natural Candy Maker Unreal Tries to Take on Hershey, Mars Upstart Brand Breaks Into Candy Land With Big Backing, Top Marketing Talent and Major Retail Accounts

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If you were among the skateboarders and rollerbladers whizzing along California's Venice Beach promenade last Thursday, you may have stumbled onto a shoot for one of the more ambitious product launches in history.

As passersby gawked, actors pushed red shopping carts brimming with brightly colored packages of candy. These weren't just any chocolate bars, though. The ad will promote a new, all-natural candy brand called "Unreal" that is breaking into the confection space in a big way.

And just in time for Halloween, when \$2.3 billion in candy is sold. That translates into about 600 million pounds, the majority of it going into the sticky maws of 10 million kids between the ages of 4 and 14.

Among that bunch only two years ago was teenager Nicky Bronner, the literal brainchild behind Unreal, which is on "a candy-coated mission to unjunk the world," as the company's mission statement reads.

Unreal's proposition is that its candy is all-natural and sustainably sourced. That means no corn syrup or genetically modified organisms. It uses colors not from dyes but from plants like cabbage and beets, and palm kernel oil from an organic farm in Brazil. Traceable cacao beans come from farms in Ghana and Ecuador that don't employ child slave labor.

It took thousands of recipe attempts to concoct Unreal's five launch candies that in look and taste mimic some of the best-known candy brands, including M&M's, Milky Way and Reese's Peanut Butter Cups. They're meant to cost the same, too, at suggested retail prices of \$.89 to \$1.29 for individual packages.

Taking on established megabrands like Hershey and Mars is a hurdle of the highest proportions. But a David vs. Goliath scenario? Not exactly.

NEW RECIPE FOR MARKETING

Meet five startup brands staking a claim in health



NAKED PIZZA

This social-media company that happens to sell pizzas, as Jeff Leach and Randy Crochet have called the healthful chain, started in New Orleans in the mid-2000s. With 20 U.S. locations, it's now growing internationally, including in Dubai and Beirut.



DWATER

Nantucket Nectars Co-Founder Tom First created a "healthy sports drink" in 2004. On track for sales of more than \$6.5 million in 2009, the brand was sold in 2010 to Polar Beverages. Mr. First found a national play "to be expensive and challenging," he told Ad Age.



LYFE KITCHEN

Former McD execs Mike Roberts and Mike Donahue launched a fast-food concept in 2010. Lyfe Kitchen is open in Silicon Valley, is talking to franchisees and sells grocery items such as Orange Mango Chicken with Kale and Sweet Corn Chowder at Costco and Safeway.



HAPPY FAMILY

Happy Family, the U.S.'s fastest-growing indie package-foods company, per Inc. magazine, offers organic, healthy snacks for babies and kids, including cereal, fruit and veggie pouches. Recently brought on its first ad agency in Interpublic's Gotham.



POP WATER

In January, artist management firm Atom Factory (with Lady Gaga on its roster), will launch a healthy soda alternative. Founder Troy Carter said his team will use what it's learned in developing up-and-coming artists. "This is a space we feel is ripe for disruption."

One key differentiator between this firm and other startups is its well-connected CEO who wields years of marketing experience. Nicky's dad -- and Unreal's chief -- is Michael Bronner, founder of Digitas. He set up that agency in 1980 and served as chairman emeritus until 2006, the year he sold it to Publicis Groupe for \$1.3 billion. From there he went on to found UPromise, which was sold to Sallie Mae for \$300 million. To round out the team at Unreal, Mr. Bronner recruited Carlos Canals, who has served as president-CEO at Tribe Mediterranean Foods and earlier held that same position at the Kashi division of Kellogg. Others on the team include a former Googler, a former P&Ger and innovative chef Adam Melonas.

Unreal's proposition has sparked the interest of venture capitalists, who are kicking in. And it's won another key battle: distribution.

CVS earlier this year became the first major retailer to carry Unreal. It was followed by Rite Aid, Walgreens, Wegmans, Kroger, BJ's Warehouse, Michaels, Staples and, in a major coup, Target. In fact, the Venice TV shoot last week, orchestrated by Backyard Productions, was for a Target ad.

Mr. Bronner has also approached famous friends such as supermodel Gisele Bündchen; her football-star husband, Tom Brady; and Twitter's Jack Dorsey to endorse the product via YouTube videos and on their social networks.

On the agency side, Unreal has retained Big Spaceship for a digital onslaught to help push its candies as an alternative to those from Mars and Hershey[®]. Those companies either declined to comment or could not be reached last week, while reps for Mr. Bronner said he was too busy to talk ahead of the Halloween push.

Now, Unreal is focused on its biggest challenge: getting consumers to buy Unreal instead of the brands they've known their whole lives.

Mars, Hershey, Kraft and Nestlé (in that order) control more than 65% of the candy market in the U.S., per EuroMonitor data. Can Unreal bite off a piece of the \$30 billion candy industry?

New England Consulting Group CEO Gary Stibel, who has worked with Hershey, said he thinks so. "Look at a brand like Annie's," the maker of organic pastas, snacks and condiments, Mr. Stibel said. "If executed well, there's a lot of potential. People are looking for brands that have a purpose and mean something. Is there a value proposition with Unreal? Absolutely."

Added candy consultant Randy Hofberger, "Will [Unreal] get a little part of the market? Yes. Will they get enough that it will drop Mars' sales by 10%? No."