ISCTE Business School
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Brand Extensions: A Marketing Plan for the Launching of a Tea Product Line Applied to LUSO.

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Project submitted as partial requirement for the conferral of Master of Science in Marketing

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– Spine –

Abstract

This thesis project has the main goal of developing a strategic and operational marketing plan to support the launching of a tea product range by Luso directed to healthy minded consumers. The launching process will take place in Portuguese market during the summer of 2013.

In this marketing plan was identified the potential market size and set actions for the new product proposal implementation, Luso Tea. This was achieved through the acquisition of knowledge from scientific research analysis that contributed to more consistent action plan definition. In an intermediary step was made a deep and crucial market, company and competitive analysis becoming possible to do a coherent product concept, support and communication.

To really understand how to make an optimal product to healthy minded consumers was made a complete profiling of these target, leading to an adapted marketing strategy where was design all marketing mix components.

Key-Words: Marketing Plan, Brand Extensions Launching, Healthy Consumer, Tea

JEL Codes: Marketing M3, Health I19

Resumo

Este projeto de tese tem o objetivo principal de desenvolver um plano de marketing estratégico e operacional para servir de base ao lançamento de uma gama de produtos de chá pela Luso, direcionado para os consumidores com uma mentalidade saudável. O processo de lançamento terá lugar no mercado Português durante o verão de 2013.

Neste plano de marketing foi identificada a dimensão potencial do mercado e foram definidas ações para a implementação da nova proposta de produto, Luso Tea. Isto foi conseguido através da aquisição de conhecimentos a partir da análise de artigos científicos, o que contribuiu para a definição de um plano de ações mais consistente. Num passo intermédio foi feita uma profunda e crucial análise do mercado, da empresa e do ambiente competitivo tornando possível fazer um produto coerente ao nível do conceito, serviços de apoio e comunicação.

Para realmente se compreender como fazer um produto adaptado aos consumidores com uma mentalidade saudável foi feita uma caracterização completa deste público-alvo, levando á elaboração de uma estratégia de marketing adaptada, onde foram desenhados todos componentes do marketing mix.

Palavras-Chave: Plano de Marketing, Lançamento de Extensões de Marca, Consumidor Saudável, Chá

JEL Codes: Marketing M3, Health I19

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Glossary

ASAE – Portuguese authority for food safety and economy

ATL – Above the line

BE – Brand Extension

BMI – Body Mass Index

BTL – Below the Line

CPG – Consumer Packaged Goods

CSF – Critical Success Factors

DB – Distribution Brands

EC – European Commission

FMCG – Fast Moving Consuming Goods

IH – In Home

IHS – Instituto de Hidratação e Saúde

IMF – International Monetary Fund

MS – Market Share

MW – Market Weight

NPD – New Product Development

OB – Own Brands

OH – Out Home

PL – Private Label

PVC and PET - Types of pre-formed plastic packaging used for small consumer goods

R&D – Research and Development

SAL – Sociedade Água de Luso, SA.

SCC – Sociedade Central de Cervejas e Bebidas, SA.

WHO – World Health Organization

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1. Executive Summary

This project has the purpose of develop a Marketing Plan to support the launching of a tea based beverage by Luso. This product, Luso Tea, will be directed to healthy minded consumers.

Luso brand belongs to Sociadade Água de Luso (S.A.L.), a Portuguese company which core business is the commercialization of bottled mineral water in the national market where detain the leader position.

S.A.L. is a Sociedade Central de Cervejas e Bebidas (S.C.C.) subsidiary, being this one the only Luso brand products distributor. Both companies are owned by Heineken's Group that delegates to them the national business management of several well known brands as Luso, Cruzeiro, Sagres, Cergal, Imperial, Heineken, Foster's, Jansen, São Jorge and Bulmers.

Luso is an Umbrella brand with several sub-brands underneath which the main ones are: Luso Fresh, Formas Luso, Ritmo Luso and Luso Fruta.

Luso operates in both defined markets, In-Home and Out-Home, being the leader among Own Brands in both, however is a really competitive market as it is a fragmented one.

Was detected an opportunity to leverage Luso's equity and competitive position through extending the brand into a new market, the ice tea. The world is getting healthier and Luso has been following this trend by launching functional products that help people with healthier solutions regarding beverages, so as this new product, Luso Tea, will provide by following Luso's actual values line with "Healthy Generations" signature.

It was quantified an opportunity of reaching 2.5 million Portuguese ice tea consumers with the implementation actions proposed. The product will be distributed intensively in both markets to potentiate product acceptation and consumption due to the strong competition identified.

This Marketing Plan has three main parts where the first is the literature research that is focused in tree main subjects: the FMCG markets, innovation and product development and finally, deeper analyzed, brand extensions and respectively effects.

After this research was made a situational analysis that includes mainly an external and internal analysis. External analysis, in chapter 6.1, is divided into mediate (political, economical, social, technological and environmental factors overview) and immediate analysis (a market, future trends and consumer analysis). Internal analysis, in chapter 6.2, is made an overall Luso business and corporate behavior analysis.

In the end of those two analysis was also made, in chapter 6.3, the identification of a probable Luso follower in launching a similar product, Vitalis, that was treated as competitor. In chapter 6.4, was made a competitive analysis through SWOT and Critical Success Factors analysis to better business environment perception.

Finally in the last piece of this Marketing Plan, was developed all actions to put into practice, starting with the healthy minded consumer definition and quantification (Chapter 7.1), followed by the product development through marketing-mix components (Product, Price, Place and Promotion) and finally, in chapter 7.3, the time schedule of launching actions with an implementation chronogram.

2. Definition of the Problem

Luso as one of the Portuguese most traditional well known brands has been innovating in the last decades and extending their product lines and categories with success within the brand products consumers. Until now they have a traditional, moderately innovative, dynamic and fresh brand image that was won with all the work that has been done by company.

Luso is a successful brand with complete and huge experience in the bottled water market that has been taking the risks and benefits of extending their product line and categories as the main competitors have done, however Luso only tried once to extend the brand, with Luso Fruta, in a quiet similar market.

This can be a potential opportunity to the company and ignore it can be a problem of letting competitors take advantage of innovation and dynamism benefits.

The world is getting more health concern regarding food and Luso has been following this tendency by launching functional products to fit those needs. As Luso core product is mineral water, the brand have great bases to go deeper in health matters due to the fact that hydration is seen as a crucial part of a physical and mental healthy state. With the recent brand refresh, adopting "Healthy Generation" signature as guideline, the author consider the launching of this new product a opportunity to leverage brand equity and competitive position.

3. Literature Review

3.1. Conceptualization

The world is getting more and more concerned about people's health and obesity takes the major responsibility in this. According to the World Health Organization (WHO), obesity is a disease in which excess of body fat accumulated can reach levels that can affect health. The prevalence of obesity in the world is so high that the WHO declared the disease as a global epidemic of the XXI century. WHO recognizes that in this century, obesity has prevalence equal or greater than malnutrition and infectious diseases. For that reason, if we do not take drastic measures to prevent and treat obesity, over 50% of the world population will be obese by 2025. Thus, obesity is a chronic disease with enormous prevalence in developed countries, affecting men and women of all races and all ages being, after smoking, considered the second greater cause of death. Obesity is one of the major public health problems in Portugal, requiring a concerted strategy that includes promoting healthy eating habits and a more active lifestyle. The high obesity in Portugal and its annual growth rate follows the reduction in quality of life. (Saúde, 2005)

With the great growth of obesity index people are getting more stressed, with no time in their workday do have a proper nutrition and regular exercise, so they are getting more concerned about having health care. Thus, as consumers have little time and a lot of work, they seek efficient and practical solutions that are good for their health, especially regarding food, so consumer is getting more conscious about health and well-being. (Hipersuper, 2011)

Due to the growing consumer demand for healthy products, companies are investing in creating new products adding natural and healthy features to follow this recent trend. In addition many companies are changing their positioning to have an image of health and daily well-being fitting customer's seeking values. Therefore, all of communication made by these companies has the concern of showing the healthy quality embedded in their products. Other changed feature is nutritional information that is getting more and more complete being nowadays a key issue in decision-making process by customers.

This whole scenario of people more concerned with the welfare and health, has emerged as a new opportunity for these companies to explore new formulas and new ways to interact with consumers and position themselves.

3.2. Fast Moving Consuming Goods (FMCG)

Also known as the Consumer Packaged Goods or CPG Industry, this multi-million dollar sector is made of a huge range of famous brand names – the kind that we use every single day. These FMCG are essential items purchased when shopping and used in everyday lives. They're the household items picked when buying groceries or visit local chemist or pharmacy. FMCG are referred to as 'fast moving', quite simply, because they're the quickest items to leave the supermarket shelves. They also tend to be high volume and low cost items.

Cleaning and laundry products, over the counter medicines, personal care items and food products make a large bulk of the goods in the FMCG arena, but it doesn't end there. Paper products, pharmaceuticals, consumer electronics, plastic goods, printing and stationery, alcoholic drinks, tobacco and cigarettes can all be considered fast moving consumer goods too. (About FMCG, 2013)

3.3. Innovation & Product Development Business implications

Starting with an organizational view, it is important to understand how a company should allocate and adapt their resources and structure to different product innovation and type/levels of development. In projects of developing new products or services, Marketing and Sales department are frequently called to work with specialists from other areas. Those interactions can be coordinated in a variety of ways as bureaucratic approaches or, in the other side, decentralized, participatory and self responsible approaches.

Recent studies suggest that organic, decentralized participative coordination mechanisms are associated with better product development performance, since it produces products with higher perceived quality that generate more satisfied participants, easily achieving sales objectives and break even. This is true to innovation projects that involve a product or service concept new-to-the-world or at least to the firm's product portfolio. However, this structure guides to lower levels of performance when is about a more straightforward product improvements or line extensions. This is explained by the fact that this last ones simply don't benefit substantially from the increased functional interaction, flexibility and innovativeness that participative structures allow to. Seems that managers should adopt more bureaucratic structures and formal coordination mechanisms when is about a familiar product to market or even to the company (product improvements or line extensions) and go for more participative and self-governing structures when projects are more about unfamiliar and innovative new product concepts to the market or at least to the company. Obviously all this is conditioned by some factors as the larger corporate structure guidelines, corporate culture or even directives from top management. (Olson, *et al*., 1995)

Getting inside of the organization there is a need to look for the cooperation between active agents or departments to better understand how different structures and ways of cooperation can diverge in different results for the company as whole.

Sales play a vital role in New Product Development (NPD) and organizations should carefully manage the cooperation between departments of sales, marketing and Research and Development (R&D). That cooperation will bring critical customer information to the

NPD process which will result in an improving likelihood of the new product success by knowing better the customer or bringing the "voice of customer" to the company's mechanisms. This cross-functional cooperation has different importance weight depending on the NPD level of implementation. Findings suggest that the cooperation between marketing, sales and R&D is critical in the stage of the concept development (first stage of NPD process) that involve generating ideas, deciding critical product features, deciding the product value offer. In the other hand cooperation is less critical in later stages of NPD because all the most complex parts of knowing customer and technical aspects have passed, so managers need to be focus on facilitating this cooperation at the beginning of the process. This can bring some challenges to managers such as diverging incentive systems or cultural barriers, so they need to make an extra effort, being proactive on taking strong procedures to ensure that this cross-functional cooperation really works at the right time, collecting all the benefits of joining all three parts of the triangle which is better than the sum of one-by-one cooperation (Ernst, *et al*., 2010).

Going a bit deeper in the organization, specifically in the cooperation between departments, is relevant to analyze each team composition (members) to ensure that is being created a stable team which can easily cooperate for effective and efficient outcomes and bring harmony and peace to company's processes.

Project team are often formed with the purpose of sharing information and coordinating specialized knowledge. If this purpose is not achieved can result in inferior decisions and weaker products, because the team degree of stability has a direct impact on team's decision-making effectiveness in a NPD project. There are many team features that managers can control and adapt as team size, diversity, geographic location and functional composition. However creating (selecting) and managing a NPD project team is something that involve a lot more than the fit of those features announced to the project itself: designing and managing a complex relationship to decision-making processes. There are evidences that suggest managers should create a strong cross-functional team at the initial stage of the NPD and try to limit changes in the team along the duration of the project, that is, normally, the biggest difficulty in trying to maintain the team with complete stability. (Slotegraaf & Atuahene-Gima, 2011)

This influence of stability in decision-making processes is reduced when high levels of stability and comprehensiveness in a team are achieved and that can be made taking actions which enhance perceived trust, perceived competence and loyalty among team members. Such team atmosphere help to dismiss uncertainties about team member motives, increase communication effectiveness between members and allow them to better concentrate in the content of information and actions in the decision-making process. (Dooley & Fryxell, 1999)

In conclusion, managers should not focus only in team stability issues, but also be conscious of the nature of the decision-making processes through which the benefits of the project team stability can be achieved. So they have to pay attention to the team's and the individual objectives to make sure the global goals fit, in certain way, the individual objectives making a linkage between the team and the individual member. Managers should implement structural arrangements to ensure mind openness, the certain debate level and decision comprehensiveness in addition to the team structure itself. (Slotegraaf & Atuahene-Gima, 2011)

Getting a more external view about product development is important to look for the effects that a product or innovation features can have in the customers and also the impact of the product communication in our target, in order to better understand the value creation and the value communication.

While a new product introduction generates a modest return, the gain generated by a pioneering new product is 4,28% higher. So we can conclude that new product launchings have positive effect on stock returns and those effects are stronger in high-growth categories. These returns from pioneering (new-to-the-market) innovations are seven times higher than the return of innovations that are merely new to the company. This show managers that the common actions to improve products or to launch line extensions product (not-new-to-the-market) are really less effective in returns as they are really less costly and risky than pioneering ones. The marketing strategies of these innovations play an important role too, because those returns are greater when the products are backed by substantial communication investments, especially in the case of pioneering innovations as communicating the differentiated value added by new product leveraging the firm value effects of innovation. In the other hand, promotional actions don't increase those positive effects of innovation, because they seem to be a signal of anticipated weakness, for customer, in demand for the new product (Srinivasan, *et al*., 2009).

3.4. Brand Extensions

3.4.1. Brand Flexibility to Enter in a New Market

Brand extensions are used to increase brand equity. Some brands that are successful in launching new products even if their far from the parent-brand core category and others don't have this ability. This is explained by the brands different flexibility or elasticity that is precisely "the ability to launch extensions into distant product categories, sharing few attributes or features in common with existing products and appealing to different consumer markets." (Monga & John, 2010)

In very recent research this ability is determined by the parent-brand concept and consumers' style of thinking. For functional brands, holistic thinkers provided more favourable brand extension responses than analytic thinkers which seem to be good to get feedback about an idea of possible extension as they generate more precise and analytic thoughts (critics) about the extension, often paying attention to the dissimilarities between the brand and extended product. In the other hand, for prestige brands there were similar responses from holistic and analytic thinkers (Monga & John, 2010).

But there is ways of increasing the acceptability of the extension by the analytical thinkers, one of them can be the creation of a sub brand. Sub brands can be really useful for distant brand extensions, increasing brand extensions acceptability and decreasing the risks of brand dilution (Milberg, *et al*., 1997).

This is one of the ways founded; the brand architecture is an effective way of increasing the elasticity of a functional brand for the analytic thinkers.

The other way founded is the use of elaborational communication which stimulates analytic thinkers to think closer to the holistic way (Monga & John, 2010). Brand extensions can benefit from understanding and influencing consumers' implicit theories of the self and consequently the brand extensions judgments through the use of persuasive communication (Yorkston, *et al*., 2010).

This kind of communication increases the evaluation of the extensions that are distant and inconsistent with customer expectations and by providing more information to analytic thinkers in an analytic frame they start to decrease their resistance towards the distant extensions of functional brands. This reveals a third complementary way of changing perception and increasing the acceptance of positive information about extension which is matching the message frame (way product information is presented) to styles of thinking being this fact valid to both kind of thinkers (Monga & John, 2010). Even if they are not inconsistent there are evidences that show that persuasive communication adapted to the target consumers affects positively brand extensions acceptability, thoughts about brand traits, judgments on fit between brand and the extension and the perceptions of success. This communication does not need the brand name involved or directly show the interest of communication to be effective on permitting brand extensions, repositioning efforts successful and preventing brand dilution possibilities (Yorkston, *et al.*, 2010)

Research findings suggest extension consistency judgements are dynamic and change with advertising repetition as after repeated exposure, congruent extensions are not always evaluated substantially more highly than incongruent extensions. This can tend to turn negative and inconsistent extensions cognitions into positive and consistent cognitions, but there are conditions for this to happen related with the extension level of incongruence and advertisement content (Lane, 2000). In the following table we can see the different possible impacts.

TABLE 1 – IMPACTS OF AD BRAND CONTENT DEPENDING OF THE LEVEL OF EXTENSION INCONGRUENCE

	Ad Peripheral Associations	**Ad Benefits Associations**
High Incongruence	-	+
Moderate Incongruence	+	+

Source: Adapted from Lane (2000)

With the repeated exposure to advertisements that evoke appropriate brand associations, consumers can respond substantially more favourably to incongruent extension than they did at first exposure. This shows that managers and marketers can influence extensions perceptions through communication strategies.

3.4.2. CRITICAL FACTORS TO B.E. SUCCESS

According to (Collins-Dodd & Louviere, 1999) extending the parent brand both within and beyond the original product category is supposed to be profitable because, it assumes that parent brands are already recognized and therefore require lower investment in new product launch as advertising or price promotions. This can't be ensure because the failure rate of brand extensions, particularly in FMCG is around 80% (Ernst&Young; AC Nielsen, 1999).

Is important to understand what can be done to invert this tendency and has been tried with certain success in previous studies about how managers can reduce this failure rate, finding out which factors play a key role in B.E. One of these studies show an important fact: the quality of the parent brand and the fit between the parent brand and the extension product categories are highly important brand extension success factors (Bottomley & Holden, 2001).

One of the most complete researches found ten main success factors based on customer perception and after analysis were identified the five most relevant from them. Those are: (Volckner & Sattler, 2006)

- *Fit between parent-brand and extension product*: Appropriate selection of the parent-brand and extension product category can directly affect fit. Extension advertisements can also increase the salience of crucial brand associations that help consumers infer extension features and benefits and thus understand how an extension fits. Consumers will likely infer judgments on fit and consistency when an advertisement illustrates how parent brand attributes improve the extension's ability to provide benefits. Repeated exposure to advertisement elements evoke appropriate parent-brand associations that also helps consumers to establish linkages between the brand and the extension product (Lane, 2000).

- *Parent-brand conviction and experience:* Extension products do not guarantee success on the basis of the brand name alone. So there are two new important concepts referring to parent-brand characteristics that play an important role in brand extensions success. Managers and marketers usually cannot influence these two factors in a short/medium term because they are intrinsic to the brand. However this results show us that building customer based brand equity or acquiring strong brand are positive strategies because they are prerequisites to achieving successful financial benefits.

- *Retailer acceptance:* There are many possible ways of stimulating retailer's acceptance of the new product. One example is the positive effects of trade and slotting allowances (Collins-Dodd & Louviere, 1999). Other example can be the fact that promotional allowances reduce retailer's costs of giving the customer information about where to find the new product available and the most common one, the advertisement, which increases demand and therefore has a positive effect on retailers' decision to accept new products.

- *Marketing support:* The effort on marketing support to the extension product is crucial especially in FMCG. This is an issue of real interest to managers because is one important aspect that can be manipulated in short term as is under direct company control. However this critical factor is usually dependent of the company's financial wealth to support the new product introductions.

Beyond these five main critical factors were found other five that are also relevant when considering bringing a new product trough brand extension. They are the *Perceived Risk* from the customer that is closely linked with other two factors, Consumer Innovativeness that is influenced by previous brand extensions historical and the Quality (strength) of the parent-brand that is also related with the Linkage of the utility of the parent-brand to the product attributes of the original product category.

3.4.3. Effects on Parent Brand

Companies extend their portfolios vertically or horizontally. Such extensions increase brand visibility, appeal to diverse consumer needs and help brands outsell competitors and discouraging new ones to enter the market (Quelch & Kenny, 1994).

Higher-quality extensions improve overall brand perception and evaluation more than lower-quality extensions damage them (or sometimes having no effect) because consumers consider them neutral, not negative, and largely ignore them in brand evaluation (Heath, *et al*., 2011).

Increasing the number of products versions in a brand can improve evaluation in various dimensions as perceived brand innovativeness, expertise, sensitivity to diverse customer needs and budgets, success and brand energy and dynamism (Mizik & Jacobson, 2008).

Even if a negative effect is small or non-significant on evaluation and perception, this effect can be amplified when facing a direct competitor serving as a differentiator or disadvantage factor when the consumer has to make decisions (McCarthy, *et al*., 2001).

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Parent-brand communication capabilities to evoke the extension product in consumers' minds are not so strong as the ones which extension product communication have to evoke parent-brand, furthermore, they tend to diminish with the age of the extension because it may start to gain a stronger presence in consumer's minds and be less effective in evoking parent-brand associations. Indeed, the most fresh extensions communication may make communication more effective in catching the consumers attention for the parent-brand than parent-brand own communication, so decision takers may allocate their communication efforts into new brand extensions communication, decreasing costs in parent-brand communication efforts (Balachander & Ghose, 2003).

Communication of the extension may increase perceptions of parent-brand quality or innovativeness (Dacin & Smith, 1994).

The existence of beneficial effects from brand extensions suggests an additional strategic benefit of introducing line or brand extensions (Aeker, 1990) as to crowd the product space and difficult entry.

3.4.4. Potential Customer Perception and Effects

The customers that are most interested in the new product launch from a brand and all their actions are part of the brand community and brand fans. Brand communities are composed of people who possess a social identification with others that share their interest in a particular brand (Algesheimer & Herrmann, 2005).

Brand community is the best consumer fraction to study, because all the effects become augmented and therefore more visible and clear to the company, being an important weapon, useful to demonstrate how typical customers can react to a new proposal to the market.

Higher levels of participation in a brand community lead to both loyalty and oppositional loyalty in adopting behaviour. These higher levels of participation will increase the likelihood that a person will adopt a new product from the preferred brand and will accelerate the adoption process. In other hand, this increase in participation will reduce the likelihood that person will adopt a product from a competing brand and decelerates the adoption process. There is an issue that is important to look for, the overlapping membership across rival brand communities; this can completely reverse the relationship between the participation and the adoption process of new products, so is important to assess the degree to which members of the community also participate in rival communities before seeking to promote it. The membership duration has the same consequences as participation (Thompson & Sinha, 2008).

Regarding the new product adoption process was found evidences which suggest that a brand has always to have a similar alternative to the competitors products to benefit from oppositional loyalty. Otherwise, the brand will transmit an absence of an equivalent product that would create a great change in the impact of participation on the likelihood of adopting products from the rival brands, starting to consider adopting new products from competing brands (Thompson & Sinha, 2008).

By encouraging customers to join and participate in their brand community, companies can have multiple advantages as increase the easiness of adopting a new product, decrease the competitive pressure of the company (by reducing the likelihood that customers will adopt new products from rivals) and the real main advantage is created when the company is the first to launch a new product to the market because it will benefit from loyal adoption behaviour from their customers and will not be penalized by oppositional loyalty from customers of rival brands. This is really important because, in this way, a company can limit the impact of oppositional loyalty by being constantly the first in launching new products to the market. Finally, a company can also limit the advantages of competitors brand community by inviting and stimulating opposite members to participate in the company's own community, increasing the overlap between communities (Thompson & Sinha, 2008).

There are evidences that consumer trial of the successful extensions have a positive effect on nonusers or non-loyal users of the parent-brand that is translated into increasing market share. In the other hand, the unsuccessful extensions seems to have negative impact on the prior users, depending on the category similarity of the extension (This relations can be better seen in table 2). After this trial the importance of brand experience in the evaluation process of the extension seems to diminish in cause of the sceptical experience of trial (Swaminathan, *et al*., 2001).

TABLE 2 – POSITIVE AND NEGATIVE EFFECTS OF EXTENSION SUCCESS IN CONSUMER;

		Category Similarity			
		High		Low	
Brand Extension	Successful	Prior Nonloyal Users of Parent Brand Positive *Confirmed in Studies 1 and 2*	Prior Nonusers of Parent Brand Positive *Confirmed in Studies 1 and 2*	Prior Nonloyal Users of Parent Brand No effect *Confirmed in Studies 1 and 2*	Prior Nonusers of Parent Brand No effect *Confirmed in Study 1*
	Unsuccessful	Prior Users of Parent Brand Negative	Prior Nonusers of Parent Brand No effect	Prior Users of Parent Brand Negative *Confirmed in Study 3*	Prior Nonusers of Parent Brand No effect *Confirmed in Study 3*

Source: (Swaminathan, Fox, & Reddy, 2001)

The appeal of parent-brand extensions among nonusers is seen as an important added benefit of extension strategy, also having risks in case of failure as harm brand equity by negative effects produced. The parent-brand experience has a positive impact on extension trial but after this trial the importance of brand experience in the evaluation process of the extension seems to decrease because of the sceptical experience of trial (Swaminathan, *et al*., 2001). This can be positively used by parent-brand to stimulate the new product trials.

4. Methods and techniques of data collection and analysis

In this Project was obtained secondary data. This information was of 2 types: Internal and External.

Regarding internal information, Luso staff contribution was very important by giving a global overview about how company functions and access to some AC Nielsen market data. External information was also achieved through a questionnaire, to test, using multi-item measures, the extension success factors giving especial attention to the most relevant one, the perceived fit or global similarity between the parent-brand (Luso) and the extension proposal. Questionnaire and respective report are available in Appendix IX – Questionnaire Report.

It was used pre-tested measures validated in previous studies (Volckner & Sattler, 2006). This model can be found in Appendix IX – Figure 16, providing an overview of all the measures that were used.

The questionnaire was administered by convenience sample method, however fitting critical variables (target consumer profile features), being statistically analysed with Excel 2007-2010 program.

5. Information analysis and conclusions

5.1. External Analysis

5.1.1. Market Analysis

5.1.1.1. Mediate Analysis

5.1.1.1.1. Political and Legal Factors

Portugal is a democratic republic state which President is Aníbal Cavaco Silva and which Prime Minister is Pedro Passos Coelho from Social-Democrat party (PSD). As the actual request for foreign aid is on track, there are multiple and distant opinions about the political stability in Portugal among the opinion making leaders, so will be based on European Commission reports to give a global overview about political stability. Political stability is strongly correlated with economy success measures implemented by the government, being even more relevant living in a crisis situation. So, as more recent European Commission (EC) reports shows that, "Overall, the third review of the Economic Adjustment Program has concluded that Portugal's fiscal deficit target for 2011 (5,9 % of GDP) has been overachieved" (European Commission, 2012) which was the main political and economical objective. It can be concluded that "Portugal has made good progress on a number of fronts, but significant challenges remain" (European Commission, 2012), so there is still some uncertainty or instability in political and economic trust until achieving the end of crisis recovery process.

Regarding legality, there are some legal requirements that regulate the food products, in Europe by EC and in Portugal by ASAE. In the following table it can be found some of the most important legal regulations when producing, distributing and selling sodas, in particular Ice Tea.

TABLE 3 - MAIN LEGAL REQUIREMENTS TO PRODUCE, DISTRIBUTE AND SELL ICE TEA

Law	Subject Regulated
Regulation (EC) 178/2002 from 28/01	General principles and requirements of food law, established by the European Food Safety Authority laying down procedures in matters of food safety.
Ordinance nr. 288/94 from 14/11	Regulates the delimitation, features, packaging and labeling of soft drinks intended for human consumption.
Ordinance nr. 703/96 from 06/12	Defines the technical rules regarding their names, definitions, packaging and labeling of soft drinks.
Ordinance nr. 1296/2008 from 11/11	Amends the Ordinance No. 703/96 from 06/12, which defines the rules regarding their names, definitions, packaging and labeling of soft drinks.

Source: Adapted from European Commission (2013) and ASAE (2013)

5.1.1.1.2. ECONOMIC FACTORS

Portuguese economic structure is characterized by being dominated by an increasing weight of services sector as the rest of the European countries. Services represented, in 2011, 74,5% of GVA (Gross Value Added) and 62,8% of employment (Appendix I – Chart 1 and 2).

With the recovery of our commercial partners economies, started in the end of 2009, Portugal started to grow in 2010 (1,4% of GDP), being exports the main impulsion.

However, with the spread of debt crisis in the Euro Zone during 2010, Portugal started to have difficulties in getting borrowed capital from international financial markets. With the high amount of external debt, public deficit and low economic growth rate, Portuguese government had to ask for international financial help from European Union (EU) and International Monetary Fund (IMF) in April, 2011. As result of austerity measures Portuguese GDP had decreased 1,7% in 2011 and is expected to decrease 3% and 1,9% in 2012 and 2013 respectively (Appendix I – Table 4). The rest of Euro Zone had almost the same behavior in GDP growth rate between 2007 and 2010, time when Portuguese situation degraded getting, until 2012, a GDP mean growth rate of -2,3% while Euro Zone had 0,5%. However, future casts show us that Portugal situation is likely to improve and get close to the rest of Euro Zone growth tendency in 2014, getting Portugal 0,8% and Euro Zone 1,4% of GDP growth rate (Appendix I – Chart 3).

All factors analyzed (Appendix I - Inflation, Unemployment and VAT) always have impact on the Private Consumption that has being decreasing since the beginning of economic crisis. As projections show (Appendix I – Table 6), private consumption has slowdown decreasing 5,5% and 3,6% in 2012 and 2013 respectively. This private consumption decrease is caused by the reduction in available income and the increase of savings due to the concern with the high level of uncertainty about the length of austerity period (Banco de Portugal, 2012). However future casts show that in 2014 private consumption will stop decrease and will start to grow 0,1%.

All this can be the reason for warning, because it influences the family's disposable income to buy superfluous and even essential goods. The soft drinks market, more precisely ice tea market, is affected by this phenomena's being a treat or in this case maybe just a challenge because Luso's brand and tea products have strong link with health and well-being that follows an emerging tendency of consumer behavior nowadays.

5.1.1.1.3. SOCIAL AND CULTURAL FACTORS

In the last 40 years there has been a decrease in general mortality. This has been due, in particular, to improvements in lifestyle. The perception that each person has of their health is one of the main indicators for monitoring health, namely population health. In general terms, men and women registered a positive improvement in their appreciation of their state health, indicating that there is an increase of health concerning (Union, 2007).

The whole world is turning into more healthy directions in order to prevent the nowadays great diseases in global health that are mainly obesity and stress. In the actual crisis, people understand and care about collecting the necessary physical and mental conditions to have a successful personal and professional life (Lab, 2011)

In Portugal, soft-drinks like tea act essentially as partners in relaxing, refreshing or hydration/health moments depending on the occasion. Ice tea consumption has been increasing substantially in the latest years and this tendency can be explained by the strong linkage with moments of pleasure and hydration that tend to happen to release stress and prevent health problems which are the great concerns in actual society. This concern is supported by the increase concern with health, increase concern with appearance and concern about hydration leading to the increasing of the average fluid intake by 9,5% from 2009 (1,58L / per day) to 2010 (1,73L / per day) (Santos & Loff, 2010).

Socially Tea is less consumed, but has a higher health and pleasure level perceived when compared, for example, with Ice Tea (Appendix II – Chart 6 and 7). Indeed, Tea has the 4th place in terms of perceived healthiness and drinking pleasure between 19 beverages tested, just being passed by mineral water (1st), natural fruit juice (2nd) and milk (3rd) (Appendix II – Chart 8). To complement Tea has other really important perception from consumers, when talking about beverages matters, that is it hydration competence (Appendix II – Chart 9). For beverage consumers tea is, after water, the one that better hydrate our body, being followed by milk and fruit juice, being in reality the 3rd on the hydration competence ranking (Appendix II – Table 7).

So this all show that Tea has a really good potential, within nowadays consuming trends, because finding a product that is healthy and at the same time gives pleasure when consuming is rare and valued by consumers as we can see in the perceptual map (Appendix II – Chart 10).

Luso Tea has the potential to bring all this to consumers, not just because of product quality, but also because of brand history, confidence and perceived trust. Luso has made 160 years of existence in 2012, being a traditional brand with well defined and recognized values (well-being, purity, hydration, health and pleasure) that followed everyone's life from beginning. Luso brand has its own culture heritage as is example the "Casino", built in 1886, where can be observed remarkable pieces of the company's history (also an excellent place for conferences, concerts and exhibitions, providing playful and cultural moments, to the general public). Other example is the Malo Clinic Luso Spa, which came from a partnership between Malo Clinic and Luso Thermal Activities. This spa is the joining of classical hydrotherapy with health and wellness services, including a relaxing and invigorating tea ritual, in an atmosphere of tranquility and elegance that combined with image and materials used, brings nature closer to customer turning it in a sensorial journey.

5.1.1.1.4. Technological Factors

Nowadays, "soft drinks market is great influenced by new technologies introductions that can bring more profitability to production processes" (Imagens de Marca, 2013).

Regarding this Luso has some important features:

- Luso is a company certified by NP EN ISO 9001:2000 since 1997 regarding Luso's manufacture, which means that Luso have a recognized quality management (I.P.Q., 2012).

Figure 1 – Brand Certified Product Symbol (Source: S.A.L, 2012)

- Luso is the only certified water brand in whole world, getting in 2000 the license to consider all the products (except ice cubes) as Brand Certified Products represented by a symbol (Figure 1) placed in Luso's labels to transmit extreme quality demands reinforcing consumers confidence. This highlights that there is a great investment in processes as Production, Quality Control and Food Security to bring the best product to the market, forcing Luso to be always leading technological innovations to improve processes effectiveness. (S.A.L, 2012)

As this project is about launching a range of tea products by Luso, being company's core business mineral water, is also useful to look for the level of adaptation needed to tea production capability. After analyzing brand portfolio we can find one product (Formas Luso – Chá Verde e Pêra) which contain tea extracts and conclude that tea was also produced by Luso in this product having the adequate technology for tea range products development.

5.1.1.1.5. Environmental and Social Responsibility Factors

Nowadays more than any time, because of pollution and global marketing, most companies have been trying to minimize their pollution, being information quality, system quality, service quality, environmental and social concern, and knowledge influencing user satisfaction (Nikkheslat, et al., 2012).

This becomes so important "because environment issues have become a mainstream in the world, the environmentalism of consumers had increased in the early 1990s such that consumers are willing to purchase products which are more environmental friendly. Therefore, green marketing is one of the inevitable trends for companies, and its concept has been widely accepted and applied in recent years. Nowadays, companies should exploit popular concerns about environmental issues to position their brands to obtain new differentiation advantages in new market". (Chen, 2010)

Starting to analyze Environmental aspects and how Luso work in this area, can be observed that Luso have made some efforts, in the last 15 years, to turn their packaging greener and eco-friendly fitting brand philosophy and showing an increasing concern with being a sustainable brand. The main actions are exposed in Appendix III – Environmental Factors.

Summing up, according to Luis Prata (SCC Water Business Unit Director) through all this actions, in this last 15 years, Luso has reduced 27% in raw material use, representing less 2500 PET tons. All this contributes to less carbon emissions, less energy spent, increase of transportation facilities and reducing costs in raw material (Imagens de Marca, 2013).

All this innovations came from brand's will of having a positive impact in environment and also in consumer's life, getting both in a sustainable way contributing to company's strategy and business growth.

In the other side of social responsibility coin, we have people instead or environment where Luso is also quiet active as can be seen by actions discriminated in Appendix III – Social Responsibility Factors.

5.1.1.2. Immediate Analysis

5.1.1.2.1. Portuguese Ice Tea Market Overview

This concept of tea and herbal infusions is framed on the Ice Tea market where are included competitors. Despite being different than the common Ice Teas this market will be analyzed. The Ice Tea market is the largest segment from Refreshing Beverages market in the Take-Home channel, with 32% of consumption weight, being the only one growing from 2010 to 2011 by 1% and the 3rd one in Horeca channel with 19% of consumption weight, after colas and sparkle juices, having a 3% decrease in the same period. The Ice Tea is divided into two main segments: In-Home market served by the Take-Home channel and the Out-Home market served by the Horeca channel. In Portugal, both segments have the same weight, in value, however In-Home market gets 87,26% of volume weight against only 12,74% of Out-Home market, situation that is quiet stable in the last years (Nielsen, 2011).

The In-Home market had 1% volume growth and maintained value from 2010 to 2011. The commercial agents in this channel are divided into Hipers (14% Market Weight – M.W.), Big Supers or Supers (25% M.W.), Mini Supers + Lidl or Discounts (55% M.W.) and Traditionals (6% M.W.). Discounts are the main product flow drainers having more than half of the importance in this channel (Nielsen, 2011). The stores denominations can be observed in the table below.

TABLE 8 – STORES DENOMINATIONS

Hipers	Supers	Discounts	Traditionals
Continente	Continente Modelo	Dia	Groceries
Jumbo	Continente Bom Dia	Lidl	
Pão de Açúcar	Intermarché		
El Corte Inglês	Pingo Doce		
E-Leclerc			

Source: Adapted from Marketest (2012)

The Out-Home market has decreased 3% in volume and 1% in value in the same transaction period. The commercial agents in this channel are Restaurants (14% M.W.), Snack Bars (40% M.W.) and Coffee Houses (46% M.W.); being this last two distribution places the more important ones in terms of relevance for the market, representing 86% of sales power (Nielsen, 2011).

According to the information collected (questioner), the main agents are Hipers, Coffee Hoses and Snack Bares as can be seen in Appendix IV – Chart 11 .

5.1.1.2.2. SECTOR EVOLUTION AND FUTURE TRENDS

From 2007 to 2010, Ice Tea market has been growing really fast, both in volume and value, having stabilized in 2011 as we can see in Appendix IV - Chart 12. Apparently, main possible causes for this increase in Ice Tea consumption can be the increasing population health concerns which leads them to look at Ice Tea as a good substitute of others beverages that are perceived as less healthy. Also the substantial price decrease occurred in the same period following the low cost consuming tendency, fact that is clear by having such higher increase of volume than in value. In fact in 2007 the average Ice Tea liter cost was 0,90€ and until 2010 it decrease 13% to an average price of 0,79€. Such substantial market change has a reason that must be understood by analyzing In-Home and Out-Home markets separately.

Out-Home Market

Since 2007, Out-Home market has been growing both in volume and value (Appendix III - Chart 13), followed by a price increase (11% from 20017 to 2011) slightly higher than inflation rate getting gradually more stabilized until 2011. This price stabilization could be caused by innumerous factors as the reducing purchasing power from privates or Horeca agents pressure to reduce costs of products as way of keeping competitive in low cost tendency market caused by actual financial crisis. As can be observed in Appendix IV - Chart 14 by analyzing the volume and value variations can be concluded that Ice Tea price stabilized since 2009, which is consistent with the lower economic health situation and higher financial concern by economic agents.

According to the different distribution agents in Horeca channel, Coffees and Snack Bars are responsible for 87% of Ice Tea sales, leaving 13% of importance to Restaurants that lost relevance to Coffees since 2010; however this equilibrium between these 3 agents is quite stable as can be observed in Appendix IV - Chart 15.

In Out-Home market there are 3 main players, Lipton the 1st with 79% of volume, Nestea the 2nd with 10% and Frutea the 3rd with 8%, that together share 97% of market volume and 98% of market value, with no significant changes since 2007, leaving no other alternative than direct competition to the new ones entering in the market (Nielsen, 2011) & (Luso, 2012).

When competing in this market is useful to look for the new trends and paths for where consumers are driving it, for better response speed and effectiveness to consumers needs. Out-Home market is characterized by having the smaller packaging (compared to In-Home), in this case is usual the 0,33L measure to metallic can, but brands are trying to bring other useful shapes and elegant forms, to better serve customers, as 0,5L metallic cans, 0,5L plastic bottles or even 0,25L glass bottles, always paying attention to the environmental aspects as recycling or returnable package.

In this market are frequently developed and launched new products with new flavors, new tea types, new formulas with no dyes and preservatives, with less added sugar and with more health benefits. This is to increase customer options in the purchasing process with healthier solutions wanted by nowadays society mindset.

That way, Ice Tea market brands are trying to adapt their product to customer constant changing needs and expectations by looking for the usual consumption place and moment features to adapt their product communication, shape and content in order to bring something valued by customer, as perceived freshness, elegance, well-being, relax, healthy, natural and eco-friendly, feelings which normally brings pleasure emotions attached.

In-Home

Since 2007, In-Home market was growing really strong until 2010 with an annual average growth rate of 21%. However, the growth rate was decreasing over the years achieving the maturity (almost 0% growth) in 2011 (Appendix IV – Chart 16). This fact can be explained by the existing "…beverages market global tendency to change consumption habits from out-home to in-home in the last years…" (Henriques, 2010)

The average price of 1 liter of Ice Tea decreased, in those 5 years, 16% from 0,54€ to 0,45€, however it began to stabilize around this value, fact that can be observed in Appendix IV – Chart 17, looking for the volume and value variations. From here, could conclude that Ice Tea brands were reducing prices along those 5 years trying to satisfy customers with pricing strategies taking in count the reduced purchase power provided by the actual financial crisis; however this is not totally true, just some of them did it.

Contrary to Out-Home market, here started to appear low cost options, called Private Label (PL) or Distribution Brands (DB) being available in the Hipers, Supers and Discounts. In the last decade D.B. have grown a lot, having nowadays a substantial influence in all the markets where they have products. Indeed, it's estimated that DB have a weight of 38,6% of whole FMCG market (Hipersuper, 2012).

Through historic analysis, we observe that from 2007 to 2011 Own Brand (OB) and DB have completely changed market share positions, showing how huge was the DB presence impact in In-Home Ice Tea market. In 2007, market volume was distributed 60% for OB and 40% for DB, nowadays is 25% for OB and 75% for DB, which represents gaining 35% of market volume share, in 5 years, from OB (Appendix IV – Chart 18). Regarding value, the scenario is similar, in 2007 market value was distributed 75% for OB and 25% for DB, and nowadays is 40% for OB and 60% for DB, which means again a 35% market value share increase in 5 years (Appendix IV – Chart 19). Summarizing DB have now (2011 data) 74% market volume share and 58% market value share, which means that is doubtless the main competitor to be considered (for the ones competing by price), followed by 3 main OB that share 19% of market volume and 36% of market value being Lipton the 1st with 15% of Volume, Pleno the 2nd with 3% and Nestea the 3rd with 1% (rounded values). (Nielsen, 2011) & (Luso, 2012)

So seems that O.B. didn't changed substantially their product price, but private labels started to grow so much that influenced the average price of ice tea as they are low cost products having an average cost of 0,35€ p/L facing an OB average cost of 0,73€ p/L, more than the double or more than 100% more expensive, fact that somehow explain the huge boost of DB Ice Tea consumption (Nielsen, 2011).

Finally according to distribution agents in Take Home channel (Appendix IV – Chart 20), Discounts are clearly the market leaders having more than half of the market share, 55% in

2011. In 2nd we have Supers with 25%, in 3rd Hipers with 14% and last Traditionals with 6%. In this places the product is sold into larger packaging than in Horeca channel, being the 1,5L plastic bottle (individually or in packs of 4/6 bottles) the most common one.

The In-Home market shares all the tendencies of Out-Home market and some others in addiction, being easier to bring new solutions when talking about consumers home where they have resources that aren't available out home.

This brings us to multiple product innovations created to satisfy the mass consumers and also niche ones as is example the creation of a heatable Ice Tea that can be drunk hot or cold as the consumer wishes. There are always some formulas changed as an Ice Tea with no theine to the ones that drink Ice Tea when dinner to not stay with insomnias, new flavors with different health benefits or special and limited editions seasonally with new and unique flavor. There is also space for revolutionary product innovations as cold water Ice Tea infusions (adapting the Hot Tea making traditional method to make Ice Tea) or even Ice Tea in capsules (using the modern known coffee capsules and coffee machines, making Ice Tea instead of coffee).

5.1.1.2.3. Water Consumer Vs. Tea Consumer

Luso target consumers based on lifestyle creating new products according to different consumption moments. The actual Luso's bottled water consumer is anyone that is concerned about having a healthier lifestyle considering hydration part of the plan, being families mainly the communication target of the brand (Santos, 2012).

According to this fact, we can consider that the target consumer's profile of Luso Tea fit perfectly the actual consumer's one, leading to analyze population segments penetration, life cycle and product affinity differences between bottled water and tea. Was already seen in 5.1.1.1.3. Social and Cultural Factors, that tea has a lot of better perception of healthiness, pleasure and hydration capacity than ice tea among consumers, so authors consider that this new product, Luso Tea, will have perceived values resulting from a perception mix between ice tea and tea as it have common features of both. Luso Tea will be perceived as a healthy product at all levels as tea with a slope of great freshness and enjoyment as ice tea.

By analyzing tea and ice tea penetration (% of consumer's segment weight in the market – segment relevance) (Appendix V – Chart 21 and 22) compared with bottled water among Portuguese population segments can be observed that regarding tea the major part of consumers are younger and older segments (extremes) tending to increase with the age factor, being real close to bottled water penetration and tendency. Regarding ice tea the main consumers are the younger segments and penetration tend to decrease with age unlike bottled water.

In life cycle analysis (% each segment that consumes the product – segment acceptance) (Appendix V – Chart 23 and 24) was collected some other important information as ice tea consumption has around 65% of acceptance level, being higher in younger generations and tending to decrease with age unlike tea consumption that has levels around 75% of acceptance tending to increase with age being much near to the homogenous bottled water acceptance level around 87%.

The last factor in this analysis will be the affinity (propensity to like or connection level of each segment with the product) (Appendix V – Chart 25 and 26) that, regarding ice tea, is much more higher in younger segments tending to decrease significantly with the age advancing unlike tea that is, again, much more near to the homogenous tendency of bottle water having a quiet stable affinity from all segments with gentle tendency to increase with age.

After this analysis the main conclusions are:

- Young generations are the main ice tea consumers having a great affinity with the product, being also great tea consumers while having an average negative affinity with the product which can be explained by tea perceived health benefits fit with great health concerns of this generation as we'll see later on.
- Older generations are much more likely to consume tea instead of ice tea as it has a more traditional culture and health benefits associated.

- Tea shows a similar consumption behavior with bottled water as opposed to ice tea, fact that can be explained by common perceived values of healthiness and hydration.

All this evidence indicates that there is a great fit between actual Luso's consumers lifestyle and seek values and Luso Tea positioning and concept values.

5.1.2. COMPETITION ANALYSIS - ICE TEA MARKET

5.1.2.1. IN-HOME

In the In-Home market the main players are D.B., Lipton and Pleno. We will only consider Pleno as our main competitor, despite the relative reduced market share (3%), because of the concept similarities to the product launching proposal by Luso. In this market the tendency is D.B. winning value and volume from O.B. direct competitors as Lipton and Nestea, although this D.B. growing process is stabilizing. In the other hand Pleno has been growing and winning market share (M.S.) since brand entered in the market, in 2005, due to their tisanes concept differentiation, overcoming other well known players as Nestea and Frutea.

5.1.2.1.1. Pleno Positioning

Pleno is a Product Brand owned by Lactogal, a Portuguese agrifood company specialized in dairy products with the objective of making people feel well in their life with the right products for a balanced diet.

Pleno differentiate from others by concept positioning offering a different product from the existing ones with different values. Pleno is a soft-drink brand with recognized values of well-being, balance, innovation and with credible nutrition features by the usage of naturally healthy ingredients. This is confirmed by their mission of

FIGURE 2 – PLENO BRAND LOGO (Source: Lactogal, 2005)

providing benefits which fit balance and well-being needs so that is possible to have life turned into a physical and mental plenty experience. This brand was born from a fusion of 2 different universes, water and tea, resulting in their pioneer product Pleno Tisanas. In 2008 they joined 2 other different universes, fruit juice and herbal, creating Pleno Suyo (Lactogal, 2005).

5.1.2.1.2. Pleno Portfolio and Competitive Advantages

According to Lactogal (2005), the brand is characterized by constant innovation in multiple dimensions as new fruit/herbal combinations, new ingredients, new flavors and textures and new low calorie formulas.

Currently Pleno have 2 product lines, Pleno Tisanas and Pleno Suyo, each of them offering a different well-being proposal adapted to different needs caused by different physical and emotional dispositions, and different moments.

Pleno Tisanas – To drink throughout the day as water. These are natural infusions, which combine the spring water purity with tea and herbal health benefits. A soft and natural drink with low calories (due to having just natural fruit sugar) that turn the hydration need into refreshing pleasure moments. There are 5 varieties:

- Earl Grey Black Tea and Lemon (with only 1 calorie per 100ml)
- Lemon balm, linden, chamomile and lemon (with only 1 calorie per 100ml)
- Green Tea and Lemon (with 24 calories per 100ml)
- Lucy-Lima, Orange Blossom and Lemon (with 9 calories per 100ml)
- Rooibos Red Tea and Lemon (with only 1 calorie per 100ml)

According to author’s point of sale research, the average selling price in the Take-Home channel is 2,5€/L for the 0,33L bottle and 0,92€ for the 1,5L bottle

Pleno Suyo – To drink with meals. These are combination between fruit juice, herbals and spring water. A well-being drink, light, fluid and calorie balanced (average of 30 calories by 100ml of Pleno Suyo - around 30), only having natural fruit sugar. There are 4 varieties:

- Green Apples, Gingko Biloba and Lemon
- Pineapple, Lemon and Yerba-Mate
- Pomegranate and Red Berries
- Tangerine and Lemon

According to author's point of sale research, the average selling price in the Take-Home channel is 2€/L for both 1,5L and 0,33L bottle.

In Ice Tea market, where categories are quiet typified, come the tisanes concept opening a new category. Although its features are different from the other proposals in the market, so it easily started do grow achieving the 2nd place (only O.B.) and continuing grow, increasingly approaching the leader Lipton, fact that can be observed by data collected from questionnaire in Appendix VI – Chart 27. This success was achieved due to Pleno's competitive advantages valued by nowadays consumers. Those can be summed in two main touch-points:

- Pioneer in launching this product concept, creating a new segment to the market (Tisanes), actually trying to be top of mind without competition.
- Differential positioning appealing to physical and mental well-being highlighting emergent values as health, purity, freshness, low calorie and natural composition.

5.1.2.2. Out-Home

In Out-Home market the main players are Lipton, Nestea and Frutea. The author will consider Lipton as main competitor in this market because is the indisputable leader with 79% M.S., against only 10% and 8% from Nestea and Frutea respectively. Pleno is next with 2% M.S. and faced a product flow problem as "there is a difficulty or shyness of people asking for tisanes in Horeca channel” (Veiga, 2007). According to M.S. rate this problem possible still a growth barrier for Pleno.

As Luso is leader, with 22% M.S. in Horeca channel due to mineral water (Luso, 2012), the author assume that, when compared with Pleno, Luso has a higher experience in this channel, so will probably have a better brand acceptance from consumer when facing Luso Tea, being easier to overcome this obstacle and compete equally with the main players. Evidence of this experience is the great percentage of consumers that by the product in Horeca agents (Appendix IV – Chart 11).

As was already analyzed Pleno by considering the main In-Home market competitor and having Lipton 79% of M.S. in Out-Home market being a brand that have also some similarities in positioning with Luso Tea concept, the author considers that is more useful to analyze Lipton as main competitor in this market to understand how this new concept can attract Lipton consumers.

5.1.2.2.1. Lipton Positioning

Lipton is the leading brand of ice and hot tea in the world, being distributed in more than 110 countries. Lipton belongs to the multinational company Unilever, one of the world’s largest FMCG companies (Unilever, 2013).

Lipton Ice Tea is a tea-based soft drink with fruit juice that refreshes, relaxes, invigorates and restores energy, providing physical and mental freshness (Sumol+Compal, 2010). All positioning and communication is around the brand essence that is “Natural Vitality”, having a colored image, painting world with yellow, projecting brand values: brightness, vitality and enjoyment with complete naturalness (Unilever, 2013).

FIGURE 3 – LIPTON ICE TEA BRAND LOGO (Source: Unilever, 2013)

5.1.2.2.2. Lipton Portfolio and Competitive Advantages

Lipton was the first brand that associated all the benefits of tea, in its natural state, to the needs and tastes of consumers by launching Lipton Ice Tea in 1972. In Portugal the brand appeared in 1988 with the launch of lemon flavor. In the 90s the brand had a huge development with the successful launch of flavors and packaging that delight many consumers today as can be observed in Appendix VI – Chart 27. Lipton Ice Tea is available mainly in three flavors - Lemon, Mango and Peach (with 30 calories per 100ml), Light version also exists for consumers concerned about low calories. Is available in packs of individual consumption (0.25l and 0.33L), of household consumption (1L and 1.5L) and exclusive Out-Home consumption where is sold by glass (Sumol+Compal, 2010). The average selling price in the Take-Home channel is 1€/L for the 1,5L bottle and 2€/L for the 0,33L metallic can.

Lipton Ice Tea is the global leader in Portuguese market (only considering O.B.), with 15% in In-Home (I.H.) and 79% in Out-Home (O.H.) market (Luso, 2012). Brand's culture/history and antiquity bring some competitive advantages owned exclusively by Lipton in Portuguese market as:

- Great brand awareness, of 76,5% being 96,9% within the younger target aged from 18 to 24 (Marketest, 2003). Despite data being from 10 years ago (available information) the author believes, as it has being a quite stable market according to new brands appearing, that this information is still quiet significant for nowadays analysis.
- Great investment power to make research and marketing actions, has it belongs to a multinational company, Unilever.
- Strong brand Image, Culture and Values, due to the 25 years or immense Lipton brand activity in Portuguese market.

5.2. INTERNAL ANALYSIS

SAL is a subsidiary of SCC, being SAL's only distributor, acquired by Heineken in 2009.

5.2.1. HEINEKEN GROUP

Heineken was founded in 1864 by Gerard Adriaan Heineken that bought a small brewery in Amsterdam when industry was in serious decline. Heineken has turned international in 1928 being now commercialized in the 5 continents.

In 2010, Heineken announced a new, 10 year Sustainability agenda and goals. The company's new approach to sustainability is characterized by having an integrated "green" vision for all its operations. It has defined clear targets and adopted innovative ways to look at its business processes. Heineken, want to have something to say in the creation of a better future. In the Portuguese Market, Heineken is present trough the company Sociedade Central de Cervejas, which was acquired by the Heineken Group in 29thApril, 2009.

Heineken is committed to grow and stay independent, and also continue being the most valuable international premium beer brand. "Our aim is to be a leading brewer in each of the markets in which we operate and to have the world's most valuable brand portfolio." (Heineken, 2012). To reach the levels of growth expected and to optimize the financial results with a minimal impact in the business environment, Heineken really focus on their core values:

Respect – for individuals, society and towards the environment

Enjoyment – giving social pleasurable experiences

Passion for Quality – making great product investing on great employees.

Particularly in Portugal, Heineken Brand Portfolio distributed by SCC is composed by Sagres, Luso, Heineken, among others, which receive Heineken's corporative sustainability directives as we can see in Appendix VI - Figure 4.

5.2.2. SCC AND SAL

SAL celebrated in 2012, 160 years of existence full of innovative and striking facts to the company, for its region and country.

Headquartered in Luso, SAL's core business is the exploration and bottling of spring water for human consumption and also gives attention to the exploration of Thermal activities through the Thermal Baths of Luso.

S.A.L's products are distributed only by S.C.C. that changed its corporate name in 2004 to the actual one - Sociedade Central de Cervejas e Bebidas SA, a name that better reflects the scope of its activity that in addition to beer includes other drinks like water and soft drinks. Since 2008, S.A.L. together with S.C.C, are part of Heineken's Group.

In recent years, SAL has accompanied the human and technological development, becoming increasingly competitive, having as main objective the satisfaction of its customers and the constant concern with the training and development of its human resources necessary for the maintenance and future progress of the Company. (S.A.L, 2012)

5.2.2.1. SCC and SAL Vision and Corporate Strategy

SCC and SAL have common values as a global structure. The values defended can be resumed as: teamwork spirit, speed and sense of urgency, commitment to the objectives, innovation, and entrepreneurship. According to SCC and SAL, their vision can be summarized as: "Together, we make the brands that people love to drink", following Heineken's spirit to quality and enjoyment (S.A.L, 2012).

Through strong leadership and the creation of a winning team, SCC / SAL defined as the main strategic objectives the focus on the brand, in the consumer and client, a winning culture, operational efficiency and innovation, all this benefiting from the integration into a large international group helping SCC and SAL "to be recognized as the best beverage company in Portugal, with sustained growth and always generating the best return on invested capital" (S.A.L, 2012).

5.2.3. LUSO BRAND

Luso brand, despite of being a Portuguese traditional brand with an unrivaled cultural and historic heritage, is also a dynamic brand as "Luso is the reference of bottled water in Portugal and, as such, has a responsibility to modernize and adapt to the changing consumer needs", said Aberto da Ponte (ex-CEO) in Briefing (2011). According to this mindset Luso has been changing along the last 160 years regarding brand image and the way Luso approaches consumer trough brand positioning. The most recent change occurred in 2011 into to the actual brand image and positioning that can be seen in Figure 6 with the signature of "Gerações Saudáveis" which means "Healthy Generations" replacing the old one "Água Natural Mineral" ("Mineral Natural Water"). According to Aberto da Ponte (Ex-CEO) "Luso has always bet on innovation. With this new positioning will be an opportunity to invest in the brand and in innovative products that meet the needs of today's consumers". That will of being constantly innovating to satisfy consumers needs, was affirmed in 2011 with the new positioning, but has been put into practice long before as can be observed by analyzing brand's innovation portfolio (Appendix VII – Table 9). With this new product, Luso Tea, is intend to keep brand's innovations pace to continue to be the market leader, being pioneers in satisfying consumer actual needs.

FIGURE 5 – LUSO BRAND LOGO
(Source: S.A.L, 2012)

5.2.3.1. POSITIONING

This new positioning trough the "Healthy Generations" signature, adopted in 2011, is based on the Portuguese family's healthy habits promotion helping them in their daily life reinforcing brand's Heritage, Origin and Tradition. Regarding tom of voice, Alberto da Ponte (Ex-CEO) said that "The tone and language used are very close to the consumer and reinforce the importance of habits transmission from generation to generation" (Briefing, 2011).

Luso brand is also defined by emergent values as hydration / health, quality, purity, lightness and freshness.

5.2.3.2. BRAND PORTFOLIO ANALYSIS & BUSINESS SUCCESS

According to S.A.L (2012) and S.C.C. (2012) Luso portfolio is composed by the 6 following brands subdivided by the author into 4 categories: smooth, gasified, functional and emotional (regarding pleasure in consumption moment).

Smooth

Luso Natural Mineral Water:

Is the brand’s core product, it’s a water rich in silica and precious trace elements.

Available, since 1894, in the following formats:

- Glass Bottles: 1L / 0,5L / 0,25L
- PET Bottles: 0,25L / 0,33L / 0,50L / 0,75L / 1L / 1,5L / 3L / 5L/5,4L

According to 2011 data, this product is market leader with 22% M.S. in the Out-Home Market, followed by Vitalis (11%) and Fastio (10%). Luso is also leader (between O.B.) in In-Home market with 10% M.S followed by Penacova (5%) and Vitalis (4%) (Luso, 2012).

This is the preferred water of Portuguese consumers having won several awards regarding product quality and brand trust.

Gasified

Luso Fresh & *Luso Fresh Sabores* (with Flavor)

Is a 'slightly sparkling water', combining the revitalizing power of gas to Luso’s water hydration power.

Available, since 2005, in the 0,25 L PET bottle format with 5 varieties: Lemon, Guava-Lime, Orange & Raspberry, Peach & Pineapple and also Normal (without flavor).

Despite not having great relevance to the Luso's business success this product won some awards regarding product quality, freshness and taste.

Functional

<u>Formas Luso</u>

Is a drink consisting of 98.6% Luso's Natural Mineral Water and 10g/Lt of saciaris fibers, with scientifically proven efficacy in appetite reducing. The lack of appetite control is one of the main reasons for not getting a proper weight and healthy eating habits, so drinking 1Lt of Formas Luso everyday may help, along with a varied diet and a healthy lifestyle.

Available, since 2006, in the 0,33 Lt and 0,5 Lt PET bottle format with 4 varieties: Lemon, Green Apple & Raspberry, Pear & Green Tea and Natural (no flavor).

This product won some important awards regarding quality, innovation and promotion.

<u>Ritmo Luso</u>

Regulates intestinal normal activity through an unique combination of Água de Luso (97.2%) and Fiber-Regulax II, a compound of natural fibers specially developed by SAL's R&D team.

Available, since 2008, in 0,5 Lt PET bottle format with 3 varieties: Lemon, Kiwi and Cereals.

This product was also recognized with some important awards related with functionality, innovation, flavor and distribution.

This 2 functional products have been quiet relevant to Luso's business success being "the great opportunity to add value to the water business" (Magalhães, 2010).

According to 2011 data, these 2 products dominate the functional waters market with 67% of common M.S. In the In-Home market the top 3 sold products are Formas Luso with 54% of M.S, Ritmo Luso with 22% and Vitalis Elegante with 16%. In the Out-home this dominance is even greater with Formas Luso getting 75% of M.S., Ritmo Luso with 12% and Vitalis Elegante with 5% (Luso, 2012).

Emotional

Luso Fruta

Is a refreshing drink that combines Luso's water with natural fruit juice. With no artificial colors or preservatives and only with natural fruit sugar, this drink is a healthy alternative for the whole family. According to Luis Prata, Water and Sodas Business Unit Director "This innovation is intended to promote the adoption of healthier lifestyles through a refreshing drink for the whole family. Luso Fruta combines naturalness and simplicity with a refreshing and unique flavor ". Luso Fruta can be consumed regularly throughout the day, but was specially made to be consumed as meals complement, being a healthy alternative to other beverages usually consumed by families.

Available, since 2011, in 0,33 Lt to Out-Home market and 0,5 Lt and 1 Lt to In-Home market, PET bottle format with 5 varieties: Apple, Lemon, Passion Fruit, Red Berries and Orange.

According to the SCC this product was a success selling 1.600 Lt since the launching, representing more than the double of the initial brand objectives (S.C.C., 2012). Luso Fruta competes directly with Vitalis Sabores and if we look for 2011 data there's no difference between both products sales, however in the 1st semester of 2012 Luso Fruta sales were more than the double of competitor's product (Luso, 2012). This is possibly the return and a positive feedback of the 1,5 million Euros invested in products communication (Marques, 2011).

Regarding product recognition Luso Fruta still only won only 1, but important award, by being voted Product of the year 2012 by Portuguese consumers.

5.3. A New Potential Competitor

Regarding Luso brand expansion to ice tea market, it was previously analyzed the current market main competitors, but is also necessary to analyze the chances of other water brand to follow Luso into the ice tea market by launching a similar product. Taking this new factor into account it will be define the competition analyzing the new one considered.

As direct competitors it will be considered, as previously discussed, the brands that sell a similar product concept into the ice tea market. According to this, the author defined the direct competition as being only composed by two brands: Pleno, being the main one due to the product concept stronger similarities with Luso Tea (with Pleno Tisanas product line) and acting as a secondary, but also important, Lipton Ice Tea with also a soft healthy concept associated. Regarding to, what author classified as, Emotional drinks, Pleno will be Luso's main competitor being Luso Fruta competing directly with Pleno Suyo and Luso Tea with Pleno Tisanas.

Analyzing Luso's brand market leader position can be concluded that Luso has a strong rivalry long ago, regarding product innovation and positioning, with Vitalis that represents de 2nd market player being Luso's main competitor in the water market.

As was concluded in Literature Review, a brand has always to have a similar alternative to the competitors' products, otherwise the brand will transmit an absence of an equivalent product that would create a increase likelihood of adopting products from the rival brands. This leads consumers to start to consider adopting new products from competing brands (Thompson & Sinha, 2008). According to this factor and both brands rivalry, the author considers quite likely that Vitalis will try to launch a similar product to the market leveraging their own brand values.

This leads the need of analysing Vitalis brand as was made with Pleno and Lipton, to better understand how this possible competitor can become when entering in the ice tea market with a new proposal competing with Luso Tea.

6.3.1.1.1.1 Vitalis Positioning

Vitalis is a water brand that has been trying to follow the trends and lifestyles of its consumers. The brand is recognized for its positive image, young, energetic and vibrant, full of vitality and sophistication, ensuring a reliable hydration and a healthy lifestyle. Vitalis communication core values are vitality and passion for life, promoting the well-being and pleasure with the signature "Beba Vitalis olhe por si". Their goal is to be always the first choice for people with an active lifestyle and healthy. Is a lightweight, pure and natural water, Vitalis is characterized by being a soft water (salt restriction), which gives an extraordinary lightness and a unique flavour (Vitalis, 2012).

FIGURE 6 – VITALIS BRAND LOGO
(Source: Vitalis, 2012)

Since the beginning, in 1985, Vitalis has always been concerned about the environment, trying to avoid as much as possible damage to the environment (reducing the amount of plastic used in the production of bottles and caps, labels made with recycled paper and environmentally friendly inks), making responsible use of natural resources and investing in recycling (prompting and encouraging for this issue, Vitalis is also associated with Sociedade Ponto Verde). Vitalis puts itself at the forefront of packaging innovation launching, in 2010, the lightest plastic bottles into domestic market while ensuring the resistance of the package and the maintenance of quality characteristics and purity of water (Vitalis, 2012).

6.3.1.1.1.2 Vitalis Portfolio and Competitive Advantages

According to Vtalis (2012) and Unicer (2012), Vitalis offers to customers several options and a full range of packages that allow them to be present in all channels with formats that best fit each consumption occasion. Vitalis has actually 3 main brands: Vitalis (mineral water), Vitalis Sabores (flavored range) and Vitalis Elegante (functional).

Regarding mineral water, is available in the following formats:

- Glass Bottles: 1L / 0,5L / 0,25L
- PET Bottles: 0,33L / 0,50L / 0,75L / 1,5L / 5L

Vitalis Sabores combines the purity of the natural mineral water with refreshing natural flavors and without added sugar. A low calorie drink that can be consumed throughout the day without limitation. This product is available in 0,5Lt PET bottles with two flavors: Lemon with Magnesium and Apple with White Tea, seeking to combine fruit flavor to all the benefits of a natural mineral water.

Vitalis Elegant with L-carnitine and fiber contributes to the reduction of the waist, when combined with physical exercise and proper nutrition. A low calories water, which combines the purity of the natural mineral water Vitalis (97%) with fruit flavor and L-carnitine and soluble fiber benefits. Vitalis Elegant is available 0,5Lt PET bottles with two flavors: Pineapple and Lemon.

As was seen before, Vitalis is the 2nd biggest player in water market, being the main competitor of Luso. Trough Vitalis portfolio analysis is evident that despite being less varied, is quiet similar to Luso's one. This way the only competitive advantage found, by the author, is that if Vitalis decides to enter in the ice tea market with a similar product to Luso Tea, since is not the 1st water brand to launch a tea product, don't have to invest so much in communication to ensure consumers concept adaptation, and also the risk taken is less than the 1st one doing it.

5.4. Competitive Analysis

5.4.1. SWOT Analysis

After analyzing all the main competitors, it will be made a SWOT analysis to better understand how will be Luso's competitive position in the new market by identifying Luso's internal strengths / weaknesses and external opportunities / treats. It will be also proposed actions, trough Systemic SWOT analysis, to enlarge the benefits of Luso's strengths and prevent the damages originated in weaknesses.

Table 10 - SWOT Analysis

Strengths	**Weaknesses**
1. Brand Equity and Brand Awareness 2. Quality and trust brand 3. Parent brand positioning fit with the extension product 4. Brand conviction, experience (culture and history) 5. Diversified portfolio serving several consumer needs 6. Market leader 7. Financial health to marketing support 8. The only certified water brand 9. Strong emerging brand values "Healthy Generations" 10. Strong presence in Out-Home market	1. None or few expertise and background in making Tea process and culture

Opportunities	Treats
1. Consumer perception of Tea as healthy and a great hydration option 2. Increasing health and hydration concerns leading to healthy lifestyles adoption and consumption behavior 3. Ice Tea market is the largest segment from Refreshing Beverages market in the Take-Home channel and the 3rd one in Horeca channel. 4. Environment and social responsible acts are valued by nowadays consumers 5. Perceived parent brand positioning fit with the extension product 6. Pioneer water brand in launching this product concept 7. Tea is seen as a high hydration and pleasure drink regarding consumption moment 8. Main competitor (Pleno) is having some penetration barriers in Out-Home market. 9. Flavor, freshness, healthiness, hydration capability, product safety and nutritional value are the main seek features when consumers chose a beverage.	1. Competitors strong image and positioning within consumers 2. In-Home consumption tendency, where D.B. dominate 3. Being the 2nd brand with a similar concept (1st – Pleno) 4. Brand flexibility to extend 5. Economic crisis leading to VAT increase, decrease of purchasing power, decrease of private consumption and increase of consumers price sensibility 6. Political perceived instability

Source: The Author

Systemic SWOT analysis

1. Strengths + Opportunities = Challenges

(1:S + 3:O, 6:O) – Luso by being the pioneer water brand in launching this product concept will probably increase its brand awareness among consumers and consequently brand equity trough enlarging the brand's portfolio with a product adapted for consumer actual needs.

(2:S, 8:S + 9:O, 7:O) - Tea is seen as a high healthiness, hydration and pleasure drink regarding consumption moment where the flavor is the most important factor in consumer decision making process, followed by other relevant seek values as freshness, healthiness, hydration capability, product safety and nutritional value as it will be found out in 6.1.2.Segmentation, Target and Positioning. Luso by being a recognized and certified quality brand which has great confidence and trust from consumers (see Appendix VIII – Chart 28 and 29), capable of bringing, in addition to a quality product with all seek features, a mental and emotional sensation of trust in product's quality seducing and making them really believe in it, helping product communication effectiveness. This is explained due to the strong emotional link with brand from respondents (see Appendix VIII – Chart 30 and 31).

(3:S + 5:O) – Luso Tea is a new product line made with coherence with parent-brand (Luso) values, fitting what is actual brand positioning and image (Appendix VIII – Chart 32). Making a coherent product is the 1st step to have a high perceived fit, from consumers, between parent-brand and the extension product, especially in a low flexibility brand, fact that is evident by the strong perceived Luso brand associations with the core product, mineral water (Appendix VIII – Chart 33).

(4:S, 6:S, 10:S + 3:O, 8:O) – With the entrance in the ice tea market, Luso can benefit from brand conviction, culture and experience (especially in distribution channels used) to easily penetrate in the market trying to take advantage from being one of the largest segments in refreshing beverages, especially in Out-Home where is market leader, so 1st consumer option in water, and where the main competitors in having some entry barriers due to consumption habits.

(5:S + 1:O, 2:O, 6:O) – As consumer is getting more concerned about health and hydration, adopting healthier lifestyles (conclusions in 6.1.1.The Healthy Minded Consumer) there is a need from companies to fulfil this market opportunity giving to consumers healthier product options. This is what Luso will do by enlarging the brand product portfolio with a new tea healthy beverage, which is seen by consumers as a great product option regarding hydration and healthiness.

(7:S, 9:S, 10:S + 1:O, 5:O, 8:O, 9:O) – Having financial resources to marketing support is quiet useful, especially in FMCG market as we seen before. With this advantage Luso can leverage, trough communication, Luso Tea impact in ice tea market by increasing several critical factors in consumer's mind. This can help to increase the perceived fit between parent-brand and new product positioning, can turn more consistent the idea that tea is a really healthy product and a great hydration option, the perfect one for refreshing yourself during the day (giving stimuli specially to Out-Home consumption), all this reinforcing products emergent physical and emotional features seek by nowadays consumer that are already represented by the actual Luso brand with the signature of "Healthy Generations".

2. Strengths + Treats = Alerts

(1:S, 2:S + 1:T) – Luso Tea will face strong market players with well-defined and implemented image and positioning in consumers mind. To prevent eventual damage caused by those facts, Luso Tea will benefit from Luso brand equity, awareness, perceived quality and trust as it is an umbrella brand.

(3:S + 4T) – Despite Luso Brand has a low perceived flexibility by its consumers, this extension proposal reaches some requisites for product success as parent-brand has a high perceived fit with extension product turning the brand flexibility feature harmless as this is considered a similar product concept compared with the actual brand portfolio (Appendix VIII – Chart 34 and 35).

(4:S, 6:S + 2:T) – As was seen, there is a tendency to In-Home consumption instead of Out-Home in the recent years, so people try to find products that satisfy their needs adapted to their home consumption moments obligating brands to adapt product features to turn this into practical pleasure moments either out or in-home. Other trend verified is the mass growing weight of D.B. in FMCG business, particularly in ice tea market, due to consumers' increased price sensibility caused by actual economic conjuncture. Regarding this two tendencies is being more difficult, to companies, to find out consumption behaviours in Out-Home market to offer at the same time an useful and competitive product, forcing companies to enlarge their portfolios to serve as many needs as they can and at the same time to diversify their portfolio product risk levering brand equity, keeping competitive.

(5:S, 9:S + 5:T, 6:T) – To avoid the mayor negative impacts of actual economic crisis and perceived political instability companies have to sell emotions complementing the product. Those emotions sold have to fit perfectly the diverse consumer needs, being necessary to have a large enough portfolio to cover them. Also they have to follow consumer's actual consumption behaviour patterns that regarding food are healthier behaviours together with several other emerging values already exposed which are represented by Luso positioning.

(7:S + 3:T) – By having financial health to marketing support, Luso has a chance to recover communication time which may attenuate the fact that is the 2nd brand with a similar concept in consumers mind.

3. Weaknesses + Opportunities = Constraints

(1:W + 5:O) – Despite Luso brand has consumers recognized trust and quality, we find out Luso have few or none expertise and background about tea making process leading to a fast learn until Luso Tea product launch. This should go unnoticed by consumers because they trust brand and give a high level fit between Luso brand and Luso Tea positioning values.

4. Weaknesses + Treats = Dangers

(1:W + 1:T, 3:T) – The 1st brand to launch a similar product concept was Pleno creating a new market segment, Tea & Tisanes. Luso will be the 2nd brand launching a similar product concept into ice tea market where Pleno has already a strong and well accepted brand image and positioning within consumers, being this a danger counting on the few or none expertise and background in making Tea process and culture.

5.4.2 Critical Success Factors (CSF)

After state of the art and market research and analysis will be easier to understand which are the critical factors to an extension product succeed in the ice tea market. In author's critical opinion these are the main CSF for which should be focused special attention:

- Fit between parent-brand and extension product – Extension product has to follow parent-brand (Luso) values and positioning being perceived as a coherent product by consumers. According to results from the questionnaire conducted, 97,8% of the respondents graded this fit level positively (Appendix VIII – Chart 32), just after a brief product concept explanation (Appendix VIII – Brief Concept Explanation), therefore the author conclude that this objective was highly achieved.

- Parent-brand quality and trust – Regarding quality respondents graded the perceived quality of Luso core product (mineral water) with 4,3 (scale: 1 – 5) representing a really good evaluation such as regarding perceived brand trust that obtained 4,1 in the same scale. This evidences show us that this critical factor is also controlled.

- Marketing support – This factor is related to marketing effort made by Luso in planning and communicating their products. Marketing support is crucial, especially in FMCG, to make product closer and visible to the consumer. The author tried to understand the consumer's perception about product communication of the last Luso's extension product (Luso Fruta). According to results from the questionnaire conducted the respondents that are familiar with the product (only 39%) graded the following indicators: (scale: 1 – 5)
  - Visibility of Luso Fruta communication actions with 3, expressing the opportunity to be much more present and active (Appendix VIII – Chart 36).
  - Communication efficiency (last extension) regarding message and information with 3,1 showing that communication message could be more clear and relevant (Appendix VIII – Chart 37). This can be also conclude as Luso Fruta message of being directed to meals consumption moments is miss understanding (Appendix VIII – Chart 38)
  - Product availability in Horeca and Take-home with 3,1 having the mayor part of respondents answered "Indifferent" to this question indicating, in the author's opinion, a possible lack of in-store visibility (Appendix VIII – Chart 39).

This evidences show us that this critical factor has to be improved, from now on, regarding this new product launch.

- Product Convenience: The product has to be convenient in terms of utility and consumption moment. Pleno is the most similar product in the market regarding product concept and convenience. To quantify this factor the author suggests analyzing the percentage of actual ice tea consumers of Pleno that if Luso launched Luso Tea will surely try it. The questionnaire results show us that 80% of respondents that have ice tea consumption habits and consume Pleno would surly try Luso Tea. 100% of the ones that only consume Pleno will surely try Luso Tea.

There some other CSF considered as secondary, but also relevant, which analysis can be observed in Appendix VII – Critical Success Factors/ Complementary CSF.

5.5. General Conclusions

It was analyzed the ice tea market where Luso will enter with the new product Luso Tea. Was made an internal analysis by studding brand portfolio and culture. Was also made an external analysis where was evaluated the In-Home and Out-Home markets and the Luso business environment. The water and tea consumption tendencies were analyzed. Was made a competitive framework investigating internal strengths and weaknesses; and external opportunities and threats. Finally was bullet pointed the critical success factors to this product success launch.

In both IH and OH markets future Luso's competitiveness was analyzed. In IH market the leaders are DB and the market has been growing a lot having achieved maturity. In OH market, Lipton is the immaculate leader where Pleno is having some penetration barriers which were considered a great opportunity to Luso Tea due to the brand market experience despite of the fact that this market is shrinking softly. The main Luso Tea competitors were considered Pleno and Lipton due to their similar product concept once product will not be competing by price with DB. Vitalis was also considered as a probable future competitor due to brands rivalry and similar innovation portfolio and pace.

According to opportunities, the main touch point is related with the great fit between the parent-brand, the extension product and consumers emergent health concerns. As the world is getting healthier this trend of healthy FMCG products consumption will tend to increase for long time.

Luso is water market leader, with 160 years of existence, having great market experience regarding refreshing beverages, strongly linked with all population since childhood and having a special connection with health concerned families. Luso is associated with health, hydration, freshness and quality products, being always innovating to bring new value added solutions to its consumers.

The launch of Luso Tea seems to follow perfectly Luso's values and guidelines to bring a new consumer solution, responding to a recognized need of a healthy and with great hydration power beverage to consume during all day. The author believes that Luso should take this opportunity, despite the large and emergent target consumers group, since it's a good chance to leverage brand awareness and equity.

6. Implementation

6.1. Consumer Identification

6.1.1. The Healthy Minded Consumer

There are still a lack of recent studies about healthy consumption behavior trends in Portugal, that's why this section will be based in opinion articles and reports.

Before launching a product directed to the healthy minded consumer it should be analyzed whom this type of consumer is and which are their main behavioral features. Healthy minded consumer is characterized by:

- **Belonging mainly to the younger generations -** "…the younger target is tended to be more concerned with well-being and seek healthier alternatives regarding beverages" (Roçadas, 2012), fact that is proven by the higher rate of health concern (Santos & Loff, 2010). This is also supported by analyzing these concerns by age group, young people have more food care: 2 out of 3 respondents use the Internet to look for information about the food they consume (Dinis, 2009).
- **Being an emergent target group** – "Nowadays, there is a world global trend of seeking healthier lifestyles: concern about environment, closer to Nature and an increasing concern with food natural and quality levels. Portuguese consumers are enhancing even more the healthy behaviors adoption in daily routine." (Serras, 2010). "There is a Beverages market global tendency to change consumption habits, emerging market niches as gourmet consumers, with purchasing power, cosmopolitan, educated and concerned with ecological and healthy solutions. (Henriques, 2010)
- **Having benefits perception regarding tea** - "It is also known the growing consumer awareness of the health and well-being. There is a positive perception by the consumer associated with new scientific research that enhances the intrinsic attributes of tea and so reinforces positioning" (Nabeiro, 2011) as was observed also in the Social and Cultural factors analysis.

- **Being a more informed and demanding target group** – "We have found that the Portuguese consumer is getting more informed and demanding. Look for valued products to its daily life, giving relevance to natural and healthy component." (Jacques, 2010). 61% of consumers opt for healthy products and 49% also want to know if the food contains chemicals and despite respondents consider important to have information about what they consume, 56% said they did not have enough information (Dinis, 2009).
- **Having strong connections with healthy perceived activities** - The evidences show that this healthy minded group is strongly linked with the highest physical exercise practice rates, hydration and body image concerns (Santos & Loff, 2010).

6.1.2. Segmentation, Target and Positioning

Segmentation & Target

In segmentation approach it was used demographic, lifestyle and buying behavior segmentation criteria. According to the 2012 Portuguese consumers life cycle (Marktest Consulting, 2012) it was found five main segments through the ice tea consumption analysis, representing more than 70% of the ice tea market consumption in Portugal (Appendix X – Chart 41). Were characterized the five main segments according to the three segmentation criteria pointed (Appendix X – Segmentation).

After analyzing the five main segments features and their weight in ice tea market consumption, it was found that, in addition to the fact that Segment 1 and 2 (younger segments) are the main segments, their features are really similar. This allowed the joining of both in just one segment profile, which will be our target, helping to have just one Marketing Mix direction (Focused Strategy), targeting more than 1/3 of potential market.

Target Profile – Segment 1 + 2

Demographic:

- **Age**: 15-34
- **Occupation**: Students, Middle and Senior companies management
- **Geographic**: Great Lisbon, Northern Coast and Interior
- **Class**: Middle/Middle Low

Lifestyle:

- **Frequent Places:** Fast food restaurants, Discos, Cinema and Gym.
- **Frequent Products:** Denim clothes, Sport shoes, Books, Ordering meals, Tobacco (highest percentage of smokers).
- **Transportation:** They have driving license and drive frequently an own car, or intend to do it in a near future.
- **Interests:** According to (Santos & Loff, 2010) this is the demographic class that has more regular physical exercise practices, more concerns with health status, hydration (being the ones that drink higher beverages volume – around 1,9L/day) and physical appearance.

Consumption Behavior:

- **Food:** Milk, Cereals, Prepared Meals, Chocolates, Yogurts, Chewing Gums.
- **Beverages:** Sodas (mainly Ice Tea), Energetic, Alcoholic Pre-prepared, Liquors, Vodka, Gin and Rum.
- **Personal Hygiene**: Oral Hygiene (higher rates)
- **Internet**: Have the highest new technologies, computer and internet use affinity using Online news, Trade services (online auctions), Job Advertisements, Internet access from mobile phone, Instant Messaging Services, Blogs queries and downloads (movies, music and games)

- **Media**: Press (Culture/Show, Juvenile titles, Environment, Scientific Disclosure), Radio (higher audience rate – tend to be better in evening schedule)

Seek Values (When looking for Beverages): According to (Santos & Loff, 2010) these are the conclusions:

- For this a significant part of this demographic class (more than 1/3) is quiet relevant having multiple beverages available to be well hydrated. However the opinions tend to be equilibrated between the ones that agree, disagree or neither. Generally 39% agree that it is important, mainly from younger demographic classes, from North and with higher education.
- They are the ones more trendy to buy a beverage based on pleasure motives (enhancing the younger male ones) following the aspects value system represented in Appendix X – Chart 42. They also agree that the type of beverage which gives them better pleasure depends on the consumption moment.
- In rational matters when buying a beverage we have two scenarios within our target. The younger consumers (until 18 years old) are the ones that think less rationally when choosing a beverage, probably due to the lack of mental maturity and income responsibilities. However, consumers up to 18 until 50 are the ones that give more importance to rational aspects following the aspects value system represented in Appendix X – Chart 43. They also agree that the more relevant aspect when choosing a beverage depends on the consumption moment.

After all, a beverage tend to be choose by pleasure motives, but the ones that do it by rational aspects tend to have lower BMI (Body Mass Index), higher exercise practice levels, demonstrating higher levels of concern with health, body image and hydration. They also tend to don't appreciate drinking water, which can be seen as an opportunity.

Finally this new product target dimension is around 800.000 Portuguese consumers, having communication actions potentially reaching 2.500.000 Portuguese consumers. All calculation are available in Appendix X – Target.

Positioning

Luso Tea product has a differentiation when facing competition by providing real scientific proved health benefits from tea extracts in a low calorie formula. Product intrinsic features will correspond to what consumers want regarding flavour, freshness, healthiness, quality, price, low calories formula and hydration.

Identification:

- Luso Ready-to-Drink Tea

Differentiation:

- Low calorie formula (Regarding Lipton)
- Health benefits from tea (Regarding Pleno)
- Hydration Capability from Luso Mineral Water.

Luso Tea has just one feature that really differentiates this product from any other competitor, the brand perception. Luso brand consumers perception helps to see the inclusion of Luso Mineral Water as a benefit (having a strong link with hydration, purity and healthy behaviors). According to this, Luso Tea can be seen also as a "me-too" product. The launch of a me-too product can respond to a tactical goal which is to attack competitors by presenting a similar offer. It may also match a strategic goal, which is to the benefit of the attraction and success of the original bid to develop its business.

TABLE 11 – LUSO TEA GOLD POSITIONING TRIANGLE

Consumer Expectations	Competition Positioning	Potential Product Strengths
Healthy minded consumers expect a fresh and smooth tea that brings a great hydration and also health benefits. They also expect a competitive price.	Existing brands have a more incomplete product as they are higher caloric or don't have the emerging health benefit of real tea.	Great source of hydration as its ally with Luso mineral water, lightness, healthy formula with no sugar added, colorants or preservatives, consumption health benefits, convenience, Luso brand and families emotional appealing.

Source: The author

Luso Tea communication will follow parent-brand link with families and sharing values under the "Healthy Generations" signature but also joining so fresh and pleasure moments among the younger generations. Luso Tea communication will take the emotional symbology of Luso and the rational side of showing the benefits that Luso Tea brings: a real tea infusion with pure Luso mineral water, low caloric formula, with no sugar added, with a fresh and smooth flavor for an affordable price, a healthier solution for your body and mind.

The tone of voice will be familiar, fresh, showing the healthy product features mainly focused in hydration.

6.2. Marketing-Mix

6.2.1. Product

The main opportunity founded is related to the strong fit or connection between these 3 elements: Growing healthy minded consumer target, Luso Tea healthy solution and Luso emerging health care values. All this together make a good solution for the market as consumer is receptive to product concept, as product has a great fit with Luso positioning values and as both Luso and consumer share the health care path.

As we have seen in chapter 5.1.1.2.1 – Portuguese Ice Tea Market Overview, both In-Home and Out-Home markets have the same value so this product will be launch to both markets with the same effort because despite Out-Home is decreasing and In-Home is growing, those changes are not quite significant showing some stability in both markets.

Intrinsic product features:

- Formula Composition
  - Natural ingredients (Luso mineral water, tea extract and fruit juice)
  - Low calories (no sugar added – only natural fruit sugar)
  - Without chemicals (no dyes or preservatives)

- Performance
  - Healthy performance (tea benefits, low calories, hydration ability)
  - Pleasure (fresh and smooth flavor)

- Design
  - Same PET plastic bottles used in Luso Fruta
  - Packaging only made with 100% recyclable PET plastic

Future product possible evolution: Due to the necessity of constant adaptation to consumers changing behaviors and needs the author proposes a couple of possible future product formula improvements or changes.

- No theine formula - If it is found by consumer's feedback interpretation that this substance is problematic and influences negatively Luso Tea consumption, should be changed the product formula or created a new line complementing the existing one.
- Hot & Cold formula – This is a heatable formula that allows Luso Tea consumption in two different ways, hot or cold, as consumer wish. This will also be a possible conclusion from consumer's feedback and market consumption tendencies evolution that can force a product formula adaptation or creation of a new line that complements the first one.

Packaging:

Packaging has two main functionalities: Technical – protection, use and transport; and Communicational – visual impact and differentiation, express brand positioning (Lindon, *et al*., 2004)

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In order to leverage the development of a new elegant and fresh PET plastic bottle for Luso Fruta product recently, will be used the same bottles (0,33Lt and 1 Lt) as they also fit new product values and to benefit from economies of scale. The 0,33 Lt bottle will be available in both markets and 1 Lt bottle only in Take-Home market. The 1L bottle will be also useful to represent the daily recommended tea intake (Appendix XI - Recommended Daily Tea Intake) as it is achieved with tree bottles of 0,33 Lt (as product range will have tree tea varieties, as it be seen in next section, consumer can drink one of each during the day).

Figure 7 – New Product Packaging

(Source: Miguel Calado)

Here are some packaging components:

TABLE 13 - NEW PRODUCT PACKAGING COMPONENTS

	Packaging Functions	**Packaging Components**
Technical Functions	Product Protection and Preservation	• PET plastic
	Ease of Use	• Cylindrical plastic bottle with a plastic cover allowing instant product consumption
	Ease of Transportation and Storage	• Cylindrical plastic bottles of 0,33L and 1L.
	Environmental Protection	• Bottles made of 100% recyclable PET plastic
Communication Functions	Visual Impact	• Natural and clear design elements
	Brand Recognition	• Luso Tea new logo (adapted from the Luso original one)
	Product Identification	• Luso Tea herbal and fruit components images
	Positioning	• Visible and clear brand signature "Healthy Generations"
	Product Information	• Contents Label (nutritional value table, expiration date, legal obligations)
	Purchase Appeal	• Main product features near Logo (Natural Ingredients, No added sugar, Only 1 calorie (e.g.))

Source: The author

Product Range

Luso Tea range will be launched, initially, with tree tea types: Green, White and Black Tea. Those will be the main products as they also represent the tree main tea varieties with different health benefits. However, Luso Tea portfolio will be complemented (when considered appropriate by Luso's decision makers) with two new products that will be used to refresh product variety, products which core benefit is Anti-Aging power: Red and Yellow Tea.

TABLE 14 – LUSO TEA PRODUCT RANGE

Product Range	Complementary Formula
Green Tea  	Ginseng, Orange Blossom and Lemon. Green Tea: Purifying and Relaxing - Helps fat loss, reduce the risk of cardiovascular disease, fight free radicals (responsible for premature aging), speeds up metabolism and helps the body to eliminate toxins (Alves, 2009). Ginseng: Energizing, aphrodisiac and anti-fatigue. Improves the immunity system, help in case of insomnia (Gastronomias, 1997). Orange Blossom: Relaxing, well known by benefits regarding blood, digestive and nervous systems (Phillips, 1998). Lemon: Relaxing and antioxidant (Gastronomias, 1997).

Black Tea 	Crataegus, Mango and Peach Black Tea: Heart-friend - It's great for protecting the cardiovascular system, aids in healthy weight loss and promotes good cholesterol. By being highly stimulating, prevents clogging of the arteries (Alves, 2009). Crataegus: Relaxing, combat high blood pressure, heart problems, tachycardia, and palpitations (Gastronomias, 1997). Mango and Peach: Based on main ices tea existing flavours in actual market.
White Tea 	Chamomile Flower, Lucia-Lime and Orange White Tea: Slimming - It is the most efficient way to burn fat, "turbine" metabolism, combat premature aging, has less caffeine than green tea, reduces the risk of cardiovascular disease (Alves, 2009). Chamomile Flower: Relaxing, relieves headaches, combat anxiety and depression, muscle aches, stomach acidity, detoxifies liver, and regulates the intestines. It is tonic and stimulant (Gastronomias, 1997). Lucia-Lime: Regulates nervous system and it’s stimulating (Phillips, 1998). Orange: Complementary flavour choosed due to citrines being useful to smooth tea flavour (Phillips, 1998).

Red Tea  	Rosa Canina and Red Fruits Red Tea: Anti-Aging - It has polyphenols, antioxidants that combat premature aging by exterminate the free radicals. It also has thermogenic action which accelerates the burning of calories (Alves, 2009). Rosa Canina: Relaxing to body and mind, reduces stress and improves sleep, contains bioflavonoids and is rich in vitamin C (Gastronomias, 1997). Red Fruits: Rich in antioxidants and fit with tea colour.
Yellow Tea  	Ginkgo Biloba, Lemon Balm and Lime Yellow Tea: Anti-Aging - It has polyphenols, antioxidants that combat premature aging by exterminate the free radicals. It also has thermogenic action which accelerates the burning of calories (Alves, 2009). Ginkgo Biloba: Helps cerebral circulation and memory (Gastronomias, 1997). Lemon Balm: Relaxing, calming, digestive, relieves headaches. Antidepressant, helps combat insomnia and nervous breakdowns and (Gastronomias, 1997). Lime: Complementary flavour choosed due to citrines being useful to smooth tea flavour (Phillips, 1998).

Source: Images by Miguel Calado

Services

Tea is a beverage with only health benefits to healthy people, however it have a recommend daily intake, being necessary counseling and having product available information to consumers. So our product range will be complemented by the following services:

Customer Phone Number – This number was created to listen to customer needs and expectations, strengthening a relationship of trust between them and Luso by ensuring quality of our products and services. So this number is already available to information applications from consumers getting these way new functions as giving information about Tea & Health topic including consumptions recommendations and tea benefits and restrictions. This customer support will be available through the actual phone line (808 20 47 71) during the week from 8:00 to 20:00 having a complementary messaging service trough the website in the operational out time.

Informational Website – As more than 96% of our target use Internet (Marktest Consulting, 2012) and 2/ 3 use the Internet to look for information about the food they consume (Dinis, 2009), the author considers that this is a real relevant way to communicate and transmit information to the main target. According to Marktest Consulting (2012) more than 25% of younger generations (15-34) access to internet trough their Smartphone. As this is an increasing tendency the author considers that is important to create a mobile version of Luso and Luso Tea websites to facilitate the access and information search trough Smartphones being closer to consumers. It's also an important communication tool to the rest of consumers due to the global Internet usage increasing. So all product information will be available at the actual SAL site (http://www.sociedadeagualuso.pt).

Due to the actual extreme information demand from healthy minded consumers the author proposes the creation of a new website, only dedicated to this new tea product line (already done with some functional products as Formas Luso) – **www.lusotea.pt -** where consumers will find specific information regarding nutrition value, recommendations, drinking suggestions and Tea health benefits and restrictions.

Brand

Figure 8 – Luso Tea Logo (Source: Miguel Calado)

Luso Tea is the brand name chosen, due to benefits from parent-brand name and signature and also because is an English name for the Portuguese "chá", creating a link with younger generations that are the main target consumers. Despite the name, as Luso essentially target families, this product intends to achieve other consumers so it will be communicated as "Chá" with the name Luso Tea being the name, somehow closely associated with ice tea. This will allow a juvenile and fresh image together with families care and share credible benefits from real tea infusions (and not common ice tea) that will please and attract more mature segments groups (that drink more tea than ice tea) that also seek for healthy products.

6.2.2. Price

It will be used a penetration strategy to attract healthy minded consumers from competitors brands and new ones gaining market share.

There three main factors to define new product price: (Lindon, *et al*., 2004)

- Costs
- Demand
- Competition

As Luso internal costs information is confidential and demand calculation to this kind of product is extremely complex and unreliable, the pricing strategy will be defined based on competition.

In-Home Market

Luso Tea is created to be a competitive solution among all product features including price, having this factor great influence on consumer's purchase decisions nowadays. This product will have a premium price a bit lower (5% overall – price-point and price / Lt) than the 1st price brand and most similar proposal to Luso Tea (Pleno Tisanas) and substantially higher (15% overall - price-point and price / Lt) than Lipton Ice Tea as we can see in Table 12.

TABLE 15 – LUSO TEA AND MAIN COMPETITORS PRICING

Product Description	Price (€)	Price/Lt (€)
Pleno Tisanas Range 0,33 Lt (6 pack)	4,73	2,39
Pleno Tisanas Range 0,33 Lt (individual)	0,85	2,55
Pleno Tisanas Range 1,5 Lt (4 pack)	5,52	0,92
Pleno Tisanas Range 1,5 Lt (individual)	1,38	0,92
Lipton Ice Tea Range 0,33 Lt (6 pack)	3,82	1,93
Lipton Ice Tea Range 0,33 Lt (individual)	0,69	2,06
Lipton Ice Tea Range 2 Lt (4 pack)	6,76	0,85
Lipton Ice Tea Range 2 Lt (individual)	1,70	0,85
Luso Tea Range 0,33 Lt (6 pack)	4,49	2,25
Luso Tea Range 0,33 Lt (individual)	0,8	2,4
Luso Tea Range 1 Lt (4 pack)	3,49	0,87
Luso Tea Range 1 Lt (individual)	0,99	0,99

Source: Author's point of sale research

There is one exception to this pricing method regarding strategic options about Luso Tea Range 1 Lt (individual). As can be seen, due to the use of a different packaging size (1Lt) there are some relevant aspects to highlight:

- The best price-point in 4 pack having a middle price / LT

- The best price-point in individual where we have the higher price / Lt to stimulate 4 pack demand when purchase decision is based on price / Lt factor as In-Home market represent 87,26% sales volume (Nielsen, 2011). All this having the visually attractive price of 1Lt for less than 1€.

This pricing strategy will allow the ability to have a competitive price which stimulates demand for better product adoption, without damaging the desired product positioning, image and future economic viability.

Out-Home Market

Regarding the Out-Home market was not possible define the price as it is done by the Horeca agents. Due to the lack of data about internal costs and margins (confidential) it just can be briefly explained which will be the pricing strategy based, again, in competition considering a reference value, result of author's market research.

Reference Values:

Pleno Tisanas (0,33Lt): 1,20€

Lipton Ice Tea (0,33Lt): 1€

Luso Tea (0,33Lt): 1,20€

As author considers that price sensibility is lower in Out-Home than in In-Home market we will be 1st price brand with the same price than the most similar product as Luso has a lot more experience and consumer brand awareness in Out-Home market than Pleno.

6.2.3. Placement

As Luso Tea is a convenience product is needed to have it accessible to consumers so it will be adopted an Intensive distribution strategy. The main goal is to be present in the largest number possible of selling points to easily reach healthy minded consumers and families. Luso Tea will be present in IH an OH markets.

In-Home Market

The actual Luso's Take-Home distribution channel circuit is the following: (Santos, 2012)

Producer ➔ Warehouses ➔ Retailers ➔ Consumers

The Retailers will be mainly Hipers, Supers and Discounts, where will be available all package formats:

- Luso Tea Range 0,33 Lt (6 pack and individual)
- Luso Tea Range 1 Lt (4 pack and individual)

Regarding in-store placement it will be in beverages area right next our main competitor, Pleno, promoting product features comparison. There will be also have 2 shelve tops, 1 near refrigerants where is place Lipton Ice Tea and the other (in case of Hipers) in the called "Área Viva", a space of natural and organic products, nutrition, health and wellness. A complementary placement to promote consumption by stimuli will be near cash registers in the end of consumer shopping action, where it will be mini freezers with product range appealing to emotional consumption (Appendix XII – Figure 9).

Out-Home Market

The actual Luso's Horeca distribution channel circuit is the following: (Santos, 2012)

Producer ➔ Logistic Operator ➔ County (local) Warehouses ➔ Retailers ➔ Consumers

The Retailers will be mainly Restaurants, Snack Bares and Coffee Houses, where will be available the Luso Tea Range 0,33 Lt (individual).

6.2.4. PROMOTION

It will be used an Integrated Marketing Communication approach (mix between ATL and BTL communication based on customer interactive databases) as the objective is to reach the mass population or families, focusing communication actions in younger generations.

Communication Target Consumers:

1st – Healthy minded younger generations individuals (less mass media weight)

2nd – Healthy minded families and overall Portuguese population (more mass media weight)

Strategic Objectives: Those will be the strategic goals according to sequence in product implementation process time.

1st – Promote product experimentation

2nd – Inform about the product

3rd - Transmit product quality and confidence

4th - Sell through raising product awareness

5th – Create a strong and solid positioning

Communication Actions:

<u>Mass Communication</u>

- TV

According to Marktest (2009) younger generations tend to give less relevance, when compared with older ones, to the traditional media as Television regarding the four public Portuguese TV channels (TVI, SIC, RTP1 and RTP2). However, thinking in both communication target consumer groups, the author considers important to have a commercial in this mean, not only in some of the four main Portuguese channels, but also in Pay TV channels where it's easier to focus communication to our younger target.

Luso Tea will be communicated through a 30 sec. advertise in the channels indicated in Appendix XIII – Table 16.

The strategy is to leave the public channels advertising and focus on Pay TV ones, especially in Movies and Series Channels that are the main attraction of our 1st communication target with the highest audience percentage from A/B social class.

- Radio

Younger generations are the ones most likely to listen to radio, mainly when driving (Marktest Consulting, 2012). According to this, Luso Tea will have a strong presence in the radios that fit target audience, with a 10 sec. spot (Appendix XIII – Table 17)

The 10 sec. spot will be placed within the following intervals regarding the highest audience moments: (Marktest Consulting, 2012)

During the week: From 6H to 10H and 17H to 20H

Weekend: From 10H to 13H and 17H to 20H

The immediate objective is to be highly present in radio and after the disclosure phase start to decrease radio importance in communication budget.

- Press

According to Marktest Consulting (2012) the main target is one of the groups which most read or consume newspaper and magazines, being the higher part of readers in the Sport and Vehicles, Culture and Show, Women and Fashion, Society and Men categories. As Luso Tea communication wants to reach other consumers too, the author sought for other categories where this main target has a great influence but also where mature segments play the main role as Economy, Management & Business, General Information and Health & Education. This selection was made regarding readers features, press reasonable fit with product concept and press annual average audience (Appendix XIII – Table 18).

This advertisement will be initially a front page cover in the case newspapers and then one page in magazines and newspapers presenting the new Luso Tea product line, promoting the new website. This method will be used just during the disclosure phase to create buzz and product awareness. In a medium term vision, Luso Tea information will be spread through the inclusion of articles in press publications with the support of opinion leaders.

- Outdoors

The Outdoors model will be the same as in Press media. This communication resource will be used just in the launching phase helping to raise consumer product awareness and essentially new brand visibility. After consumers know the brand and product range there's no sense in keeping this communication tool as it will be no more efficient.

- Cinema

According to Marktest Consulting (2012) the main target (younger generations) are the ones whom go to cinema more often, more than 77% answered that went to cinema in the last year when in the universe average just 46,6% did it.

As Outdoors this communication method will be discontinued after the launching phase for the same reasons with one exception, when enlarging the product line with new teas. As cinema seems to attract our main target the author considers that is a good way to let them know about new products.

- Internet

According to Marktest Consulting (2012) the younger generations are the ones that use and have more affinity with internet and as was seen, 2 out of 3 use the Internet to look for information about the food they consume (Dinis, 2009). This way will be communicate through the new Luso Tea website, instructing customers and also trough Luso actual Faceboock page, interacting with customers in a more direct way.

Direct Communication

- Informational Brochures

Brief printed mini brochure (A7) with essential information about product line nutritional value (calories), potential health benefits and recommended daily intake. This will be useful to show how Luso cares about consumers by informing them and satisfying the information needs by spreading the existence of a complementary source of information, the new Luso Tea dedicated site.

- Sampling Distribution

This sampling distribution will help essentially in promoting product experimentation and inform about the product through the delivery of product brochures. This action will occur in 5 main events only during the launching period:

- "UniversiTea":

  One day of free Luso Tea 0,33 Lt bottles distribution in main Universities in Lisbon and Oporto. This action will reach a substantial and important part of our target aged 18 to 25 that in a near future will live in a own home, get a job and built their family. So we will be dealing with families future decision makers members that are concerned with family well-being as Luso is. Example is available in Appendix XIII – Figure 10.

- Business Centers:

  One day of free Luso Tea 0,33 Lt bottles distribution in the main Business Centers in Lisbon and Oporto. This action will reach older active generations mainly aged over 25 year old, representing also an important part of our target as they are mainly the family's actual decision makers. Example is available in Appendix XIII – Figure 11.

- Hipers:

One week of free Luso Tea sampling distribution in the main Hipers (regarding store and sales dimension) done by sampling promoters in 2 in-store placements define previously (7.1.3.3 – Placement). This action will reach mainly the families purchasing agents complementing the previous actions. This action will take one week due to the need of reaching a big part of usual Luso products buyers, so it will take place in the last week of a month before families receive the monthly wage. Example is available in Appendix XIII – Figure 12.

- Gym's:

Two days of free Luso Tea sampling distribution in each of the main gyms and health clubs in Lisbon. This action will be the more direct product experimentation action, reaching directly the healthy minded consumers concern with physical and mental well-being, trough exercise, good nutrition habits and hydration. This action will takes place along the launching phase, being published on company's website a schedule with the days that Luso Tea will be present in each gym and health club. This action will take place again when launching new product to portfolio enlargement. Example is available in Appendix XIII – Figure 13.

- "Luso Tea Time":

One day of free Luso Tea 0,33 Lt bottles distribution in the main beaches in Portugal (regarding amount of visitors). This will be organized by one week for each littoral main counties, 1day per beach in Lisbon, Oporto and Faro, making a total of three week's action. In each day the action takes time at 17PM for two main reasons:

- To reach the most potential and effective consumers possible
- To emphasize that Luso is a real fresh Tea product due to the promoted link with the traditional English habit ("Chá das 5" or "5PM Tea") with the action signature "This summer most fresh Tea, is Luso Tea" and "The 5PM freshest tea of this summer"

This action will be complemented with the distribution of brochure and Luso Tea merchandising, being the only element delivered a simple inflatable pillow to connect the product freshness with pleasure and joy moments, being the most emotional appealing sampling distribution action. Example is available in Appendix XIII – Figure 14.

- Partnership

Following the line of customer information and care it will be done a partnership with a Portuguese nutritional counseling company (e.g. NutriBalance). This promotional action will be launched with the objective to engage consumers with Luso brand and promote product trial.

Action structure:

With 15€ spent in Luso products, including Luso Tea, the buyer will receive a 1st nutritional counseling meeting with the nutritional partner.

In next paid nutritional counseling meetings, 5% of the paid value goes to Luso that will donate it to a social responsibility institution (linked with health or environment), picked by the consumer from an available list.

Action impacts:

- Luso will enhance the consumer’s healthy lifestyle and health concerns values.
- Promotes product trial
- Win/Win partnership solution as nutritional partner get a direct source of potential customers concerned with health.
- Customers feel useful by contributing to this cause.

- Public Relations Event

Product launching end event, similar to the one made with Luso Fruta (see Appendix XIII – Figure 15), where will be present invited opinion leaders and society influencers as VIP members, news reporters and critics, using Luso actual network to solidify Luso Tea brand positioning. This will include brand and product line presentation, tasting and opinion listening. Such action will have effects on presence in opinion articles and journalistic reports or documentaries.

Communication Budget:

In last extension product launching campaign, Luso Fruta, was spent 1,5 million Euros (Marques, 2011). According to Luso's healthy financial status, the author assumes that is not quiet relevant the evaluation of a communication budget.

Implementation Chronogram:

TABLE 19 – COMMUNICATION IMPLEMENTATION CHRONOGRAM

Actions	2012											
	June				July				August			
	1	2	3	4	1	2	3	4	1	2	3	4
Mass Communication												
TV												
Public TV												
Pay TV												
Radio												
Press												
Outdoors												
Cinema												

Internet												
Direct Communication												
Sampling Distribution												
UniversiTea												
Business Centers												
Hipers												
Tea Time												
Public Relations Event												

Source: The Author

This action plan with take place in the summer of 2013 due to season's favorability regarding hydration and refreshing needs.

Public Tv, Press, Outdoors and Cinema will be just used in the beginning to spare and leverage product awareness. Cinema communication will take place just in July due to great part of target consumers being students, so they have more free time. Pay Tv, Radio and Internet will be continued after launching phase to communicate with the target as they are great audience regarding those communication tools.

Regarding direct communication actions, they will happen just during the launching phase as their main objective is to promote product trial and awareness. UniversiTea will be implemented when students still have an active life in universities before summer vacations. Business Center actions will happen in a period when active people tend to still working, mainly going on vacations in the following months. Hipers sampling distribution will have duration of a month due to the objective of reaching the major part of purchase decision makers. In August, when major part of potential consumers is on vacations, will be done Luso Tea Time action, being ended with the final launching campaign Public relations event.

7. Conclusions

With this project was found an opportunity for Luso launching a product into the ice tea market, being considered a brand extension case due to being a new market to the brand.

The opportunity found is based on the emerging health concern values seek by an increasing group defined as “Healthy Minded” consumers to whom is directed the new product developed, Luso Tea.

First, it was made a literature research where was addressed tree main topics, the FMCG markets, innovation and product development and finally, deeper analyzed, brand extensions and correspondent effects.

The next step was analyzing market and Luso’s business environment to better define and understand the competitive scope, being able to find project strengths, opportunities, weaknesses and treats to leverage and optimize Luso Tea launching, having product best adapted to market features. This was possible trough a deep competitive, internal and consumer’s analysis. Regarding competitive environment we found Pleno, considered mainly in In-Home market, due to strong product concept similarities and Lipton, considered mainly in Out-Home market due to the great market share, fact that is seen as an opportunity to gain direct consumers as the major part would try Luso Tea. Distribution Brands were not considered as Luso Tea will not compete price based.

Regarding consumer was clearly identified common features between actual Luso products consumers and Luso Tea target consumers, which is considered a great advantage due to the use of actual consumer relation experience. After this was made an accurate description and analysis of target consumers profile, healthy minded, used to adapt all marketing mix to efficiently reach them. Those consumers are mainly from a young and informed growing group concerned with health matters by seek healthy products and activities, having also a healthy perception regarding tea. Beverages consumers consider flavour, freshness, healthiness, price, nutritional value, food safety and hydration capability the main emotional and rational factors that influence purchasing decision. A significant part of them consider that is relevant to have multiple beverages available to be well hydrated, so by enlarging Luso's product portfolio it's being satisfied also this particular need.

All product concept, support and communication were made to fit and reach directly the different process purchasing agents. Luso Tea core features will be based on consumption pleasure, healthiness, low calories formula, natural ingredients and strength of parent-brand. Luso Tea will be launched based in a penetration price strategy, comparatively with Pleno, being also a premium price. Product distribution will follow an intensive strategy to allow great product availability and physical visibility. Regarding communication will be implemented an integrated strategy to reach the mass population or families, but with actions focused in younger generations. The targeted consumers are great audience in radio, press, cinema and internet, justifying the use of these mass media means to reach them.

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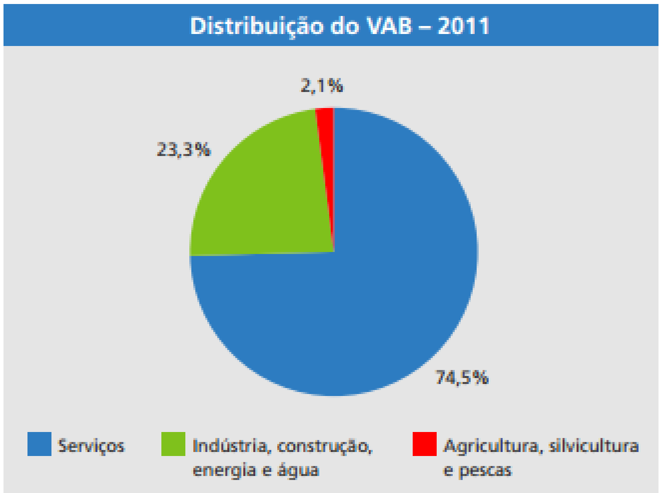
9. Appendixes

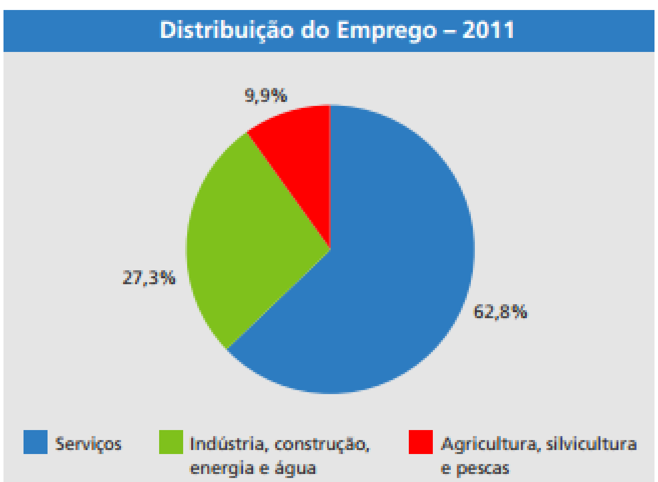
APPENDIX I – ECONOMIC FACTORS

CHART 1 - GVA DISTRIBUTION 2011



Source: (aicep Portugal Global, 2013)

CHART 2 – EMPLOYMENT DISTRIBUTION 2011



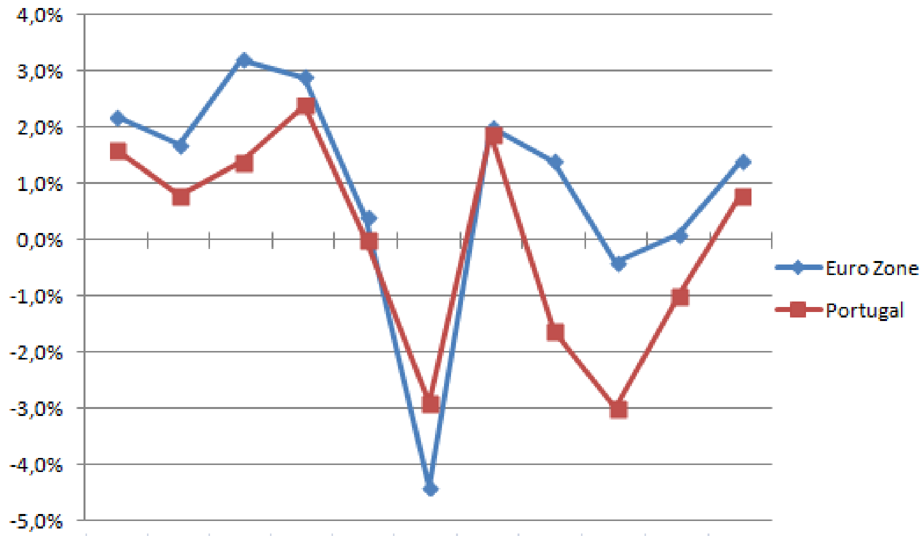
Source: (aicep Portugal Global, 2013)

TABLE 4 – ECONOMIC INDICATORS 2007-2013

Indicadores Económicos		2007	2008	2009	2010	2011	2012[a]	2013[a]
PIB pm	**Milhões EUR**	169.319	171.983	168.504	172.835	171.040	166.469	167.245
	Milhões USD	231.967	252.815	234.221	229.871	237.564	213.080	210.729
	t.v. volume	2,4	0,0	-2,9	1,4	-1,7	-3,0	-1,9
Per capita	**EUR**	17.388	15.028	15.494	16.813	14.360	15.113	15.352
	USD	21.896	23.821	22.091	21.537	22.361	19.960	19.344
Por pessoa empregada	**t.v. valor**	5,4	1,0	0,8	4,0	0,9	1,5	2,1
Consumo Privado	**Milhões EUR**	110.635	114.957	109.774	113.979	113.777	109.573	108.680
	t.v. volume	2,5	1,3	-2,3	2,5	-3,8	-5,9	-1,7
Consumo Público	**Milhões EUR**	33.579	34.532	37.160	37.311	34.271	30.690	30.451
	t.v. volume	0,5	0,3	4,7	0,1	-4,3	-3,5	-3,2
Investimento (FBCF)	**Milhões EUR**	37.629	38.634	34.629	33.830	30.534	26.863	26.005
	% do PIB	22,2	22,5	20,6	19,6	17,9	16,1	15,5
	t.v. volume	2,6	-0,3	-8,6	-3,1	-10,7	-14,1	-46
FBCF excluindo construção	**% do PIB**	8,7	9,1	7,9	7,4	6,6	n.d.	n.d.
	t.v. volume	7,6	6,2	-11,3	-4,0	-11,0	n.d.	n.d.
População (b)	**Mil hab**	10.608	10.622	10.633	10.637	10.651	10.656	10.661
Emprego (b)	**Mil indiv**	5.170	5.198	5.054	4.978	4.884	4.688	4.613
Desemprego (b)	**Mil indiv**	491	470	582	658	706	840	884
Taxa de atividade (b)	**% pop. >15 anos**	62,6	62,5	61,9	61,9	61,3	61,3	n.d.
Taxa desemprego Portugal (c)	**% pop. ativa**	8,0	7,6	9,5	10,8	12,7	15,5	16,4
Taxa desemprego UE-27 (d)	**% pop. ativa**	7,2	7,1	9,0	9,7	9,7	10,5	10,9
Saldo Global SPA	**% do PIB**	-3,1	-3,6	-10,2	-9,8	-4,4	-5,0	-4,5
Dívida Pública	**% do PIB**	68,3	71,7	83,2	93,5	108,1	119,1	123,5
Saldo da Balança Corrente	**Milhões EUR**	-17.101	-21.670	-18.198	-16.749	-11.280	-4.994	-3.010
	% do PIB	-10,1	-12,6	-10,8	-9,7	-6,6	-3,0	-1,8
IHPC – Portugal	**t.v. anual**	2,4	3,7	1,0	2,1	3,1	2,7	2,0
IHPC – UE-27 (d)	**t.v. anual**	2,4	3,7	1,0	2,1	3,1	2,6	1,9

Source: (aicep Portugal Global, 2013)

CHART 3 – PORTUGAL VS. EURO ZONE – GDP GROWTH RATE



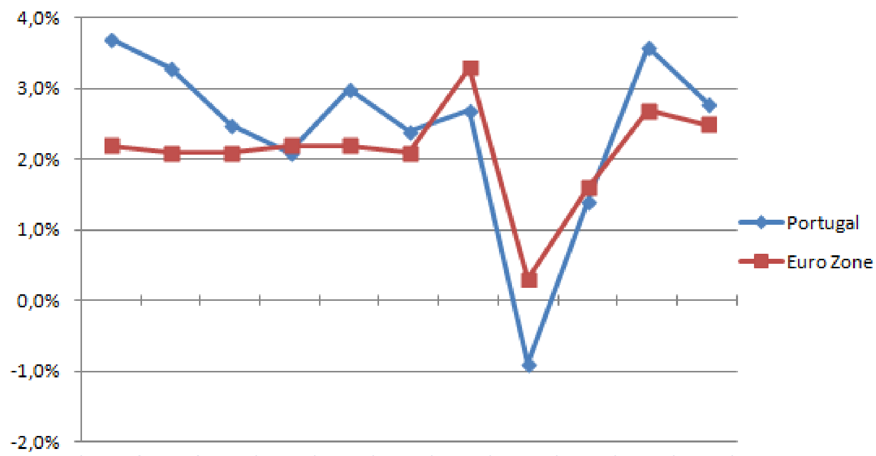
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Euro Zone	2,2%	1,7%	3,2%	2,9%	0,4%	-4,4%	2,0%	1,4%	-0,4%	0,1%	1,4%
Portugal	1,6%	0,8%	1,4%	2,4%	0,0%	-2,9%	1,9%	-1,6%	-3,0%	-1,0%	0,8%

Source: Adapted from (Eurostat, 2012)

Inflation, Unemployment and VAT

There are many other factors that influence a nation economy and one of them is inflation (Chart 4).

Chart 4 - Portugal Vs. Euro Zone – Inflation Rate



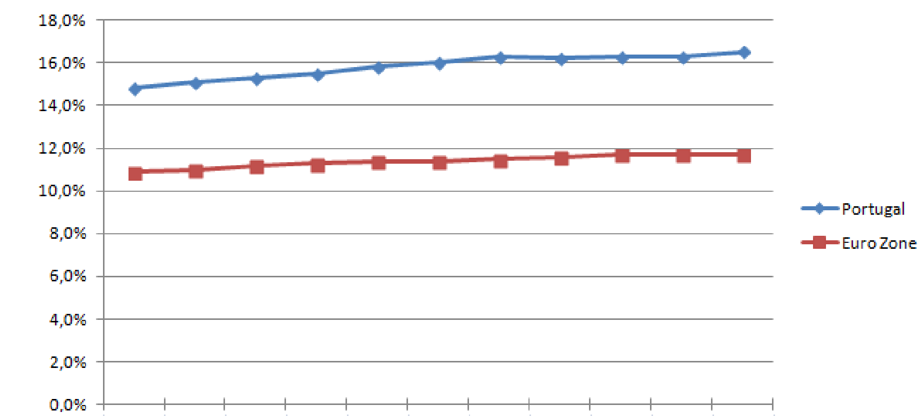
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Portugal	3,7%	3,3%	2,5%	2,1%	3,0%	2,4%	2,7%	-0,9%	1,4%	3,6%	2,8%
Euro Zone	2,2%	2,1%	2,1%	2,2%	2,2%	2,1%	3,3%	0,3%	1,6%	2,7%	2,5%

Source: Adapted from (Eurostat, 2012)

In the last 9 years, since 2004, Portugal average inflation was about 2,2%, a bit higher than the Euro Zone average, 2%. In deep crisis, in 2011, generally Euro Zone countries inflation rate has decreased to very low percentages (0,3% in mean) and in some cases being negatives as Portugal example (-0,9%). This was a warning for Portuguese economy that was making an effort to stabilize it, which shows that economy is not healthy by the decreasing of prices. Economic agents are not able to sell their products or services at the same price so their lower the value, which result is less capital generated, less investment, less consumption, so promoting a stuck economy leading consumers to be more price sensitive than quality. Following we assisted, in the last years, to an increasing consumer preference for private labels brands leading own brands to make an extra effort to adapt their communication to a new consumer emerging profile that is much more price sensitive. However, this situation can change in a near future because, in 2012, inflation rate turned again positive (1,4%) following closer Euro Zone tendency (1,6%) and future casts show us that Portuguese economy is responding by increasing their prices in mean 0,6% above Euro Zone tendency in 2013 and 2014. That way, we must pay attention to future important changes that may occur in consumer price and quality perception that can lead to better product developments, adapted to their actual needs.

Other important factor that affects economy and consumer behavior is unemployment rate (Chart 5).

CHART 5 – PORTUGAL VS. EURO ZONE – UNEMPLOYMENT RATE



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Portugal	14,8%	15,1%	15,3%	15,5%	15,8%	16,0%	16,3%	16,2%	16,3%	16,3%	16,5%
Euro Zone	10,9%	11,0%	11,2%	11,3%	11,4%	11,4%	11,5%	11,6%	11,7%	11,7%	11,7%

Source: Adapted from (Eurostat, 2012)

Since 2004 the unemployment rate has been growing in mean 0,15% per year while Euro Zone grow is in only 0,08% per year, achieving this year (2013) 16,3% and 11,7% respectively. As we see Portugal historically tend to have an unemployment rate above the Euro Zone, having this fact a high importance to the FMCG market, mainly to the products that are not considered to be first need or essential products.

The last economic factor, that I'll analyze, is VAT. Recently, in 2011, this tax suffered significant changes, following the austerity measures proposed to increase credibility facing international markets showing fiscal consolidation trough bigger receipts from VAT standard rate increase by 2%. This rate suffered many changes along years as we can see in the table below.

TABLE 5 – PORTUGAL VAT HISTORIC EVOLUTION

Period	Standard Rate	Intermediate Rate	Reduced Rate
05.06.2002 – 30.06.2005	19%	5%	12%
01.07.2005 – 30.06.2008	21%	5%	12%
01.07.2008 – 30.06.2010	20%	5%	12%
01.07.2010 - 31.12.2010	21%	6%	13%
from 01.01.2011	23%	6%	13%

Source: Adapted from Wikipedia (2012)

TABLE 6 – BANCO DE PORTUGAL PROJECTIONS

PROJEÇÕES DO BANCO DE PORTUGAL: 2011-2014 | TAXA DE VARIAÇÃO ANUAL, EM PERCENTAGEM

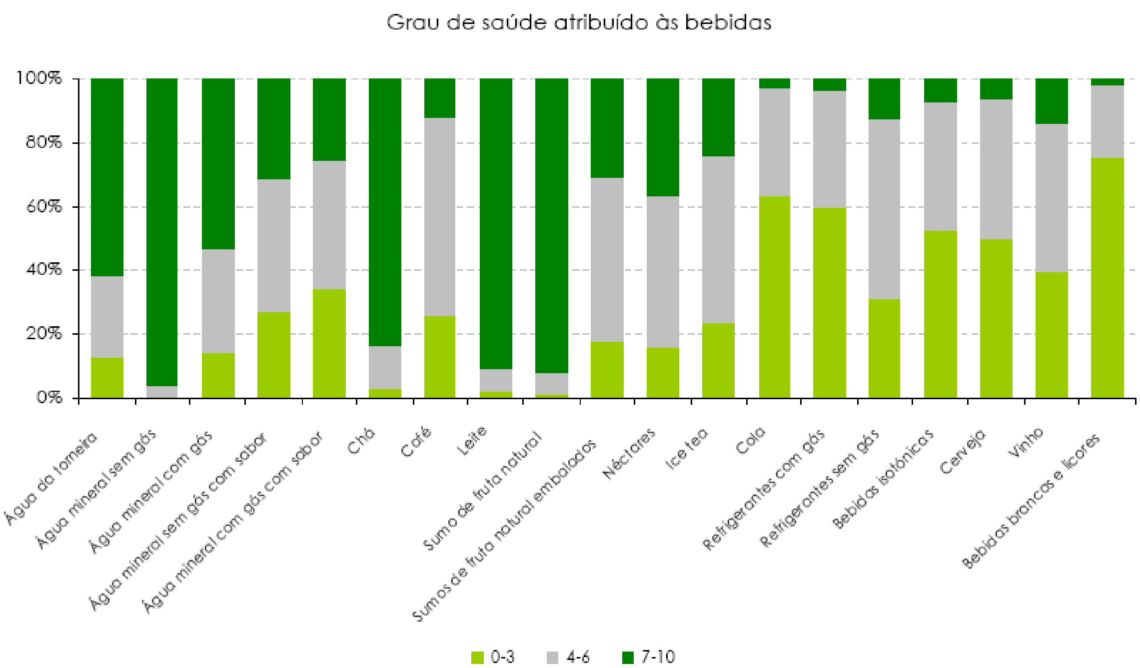
	Pesos	BE Inverno 2012			BE Outono 2012	
	2011	$2012^{(p)}$	$2013^{(p)}$	$2014^{(p)}$	$2012^{(p)}$	$2013^{(p)}$
Produto Interno Bruto	100.0	-3.0	-1.9	1.3	-3.0	-1.6
Consumo Privado	66.5	-5.5	-3.6	0.1	-5.8	-3.6
Consumo Público	20.0	-4.5	-2.4	1.5	-3.9	-2.4
Formação Bruta de Capital Fixo	17.9	-14.4	-8.5	2.8	-14.9	-10.0
Procura Interna	104.4	-6.9	-4.0	0.8	-6.8	-4.5
Exportações	35.8	4.1	2.0	4.8	6.3	5.0
Importações	40.1	-6.9	-3.4	3.5	-4.7	-2.3
Contributo para o crescimento do PIB (em p.p.)						
Exportações Líquidas		4.2	2.1	0.6	4.0	2.8
Procura Interna		-7.2	-4.0	0.8	-7.0	-4.5
da qual: Variação de Existências		0.0	0.2	0.0	0.2	-0.1
Balança Corrente e de Capital (% PIB)		-0.1	3.1	4.4	-0.2	4.0
Balança de Bens e Serviços (% PIB)		0.3	3.1	4.1	0.8	4.5
Índice Harmonizado de Preços no Consumidor		2.8	0.9	1.0	2.8	0.9

Fonte: Banco de Portugal.
Notas: (p) - projetado. Para cada agregado apresenta-se a projeção correspondente ao valor mais provável condicional ao conjunto de hipóteses consideradas, e baseia-se em informação disponível até meados de dezembro de 2012.

Source: (Banco de Portugal, 2012)

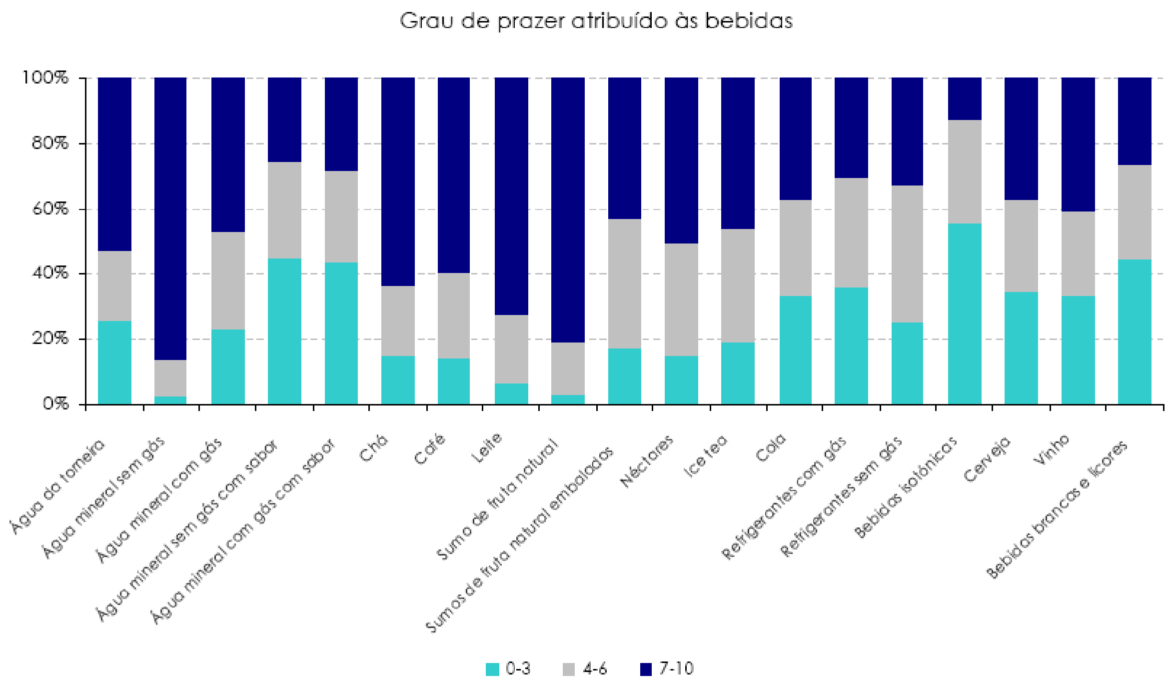
Appendix II– Social and Cultural Factors

Chart 6 – Recognized Beverages Health Level



Source: (Santos, Gonçalves, & Loff, Estudo de Caracterização do perfil de Hidratação dos Portugueses, 2009)

CHART 7 – RECOGNIZED BEVERAGES PLEASURE LEVEL



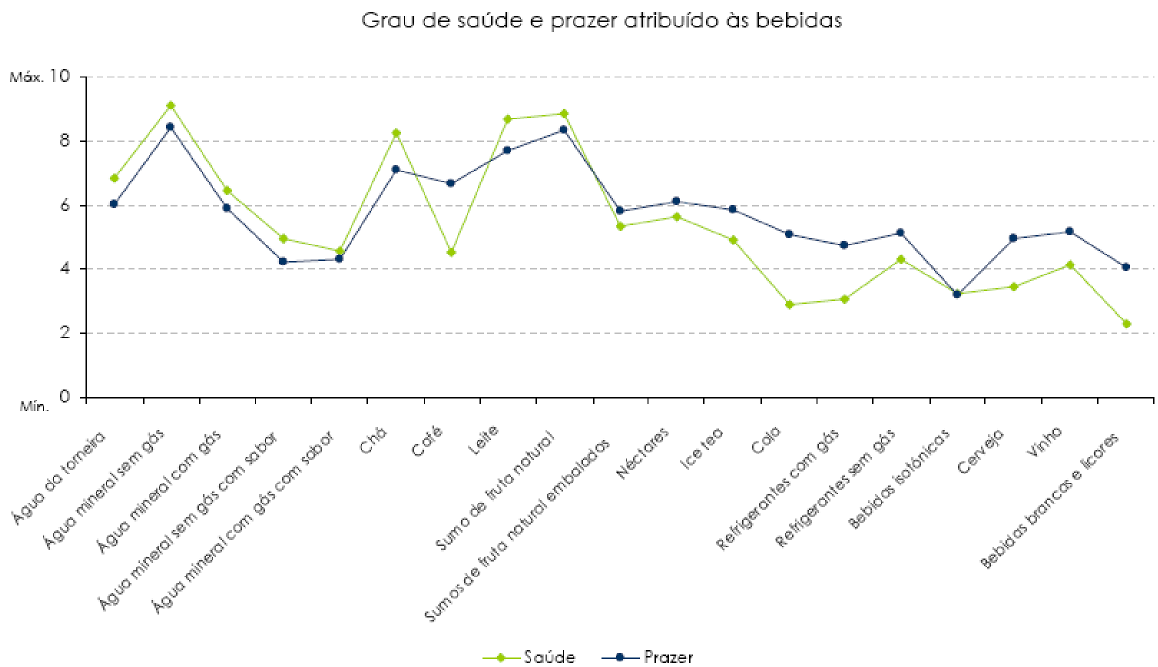
Source: (Santos, Gonçalves, & Loff, Estudo de Caracterização do perfil de Hidratação dos Portugueses, 2009)

TABLE 7 – BEVERAGES HYDRATION CAPABILITY

Bebida	Água (g)
Refrigerante de cola	90,8
Refrigerante de laranja	89,4
Refrigerante de cola light	99,8
Chá (sem açúcar adicionado)	99,7
Café (sem açúcar adicionado)	96,2
Néctar light	94 – 95
Néctar	85 – 89
Sumo de frutos 100%	87 – 89
Leite de vaca UHT meio gordo	89,1
Iogurte líquido meio gordo	83,6

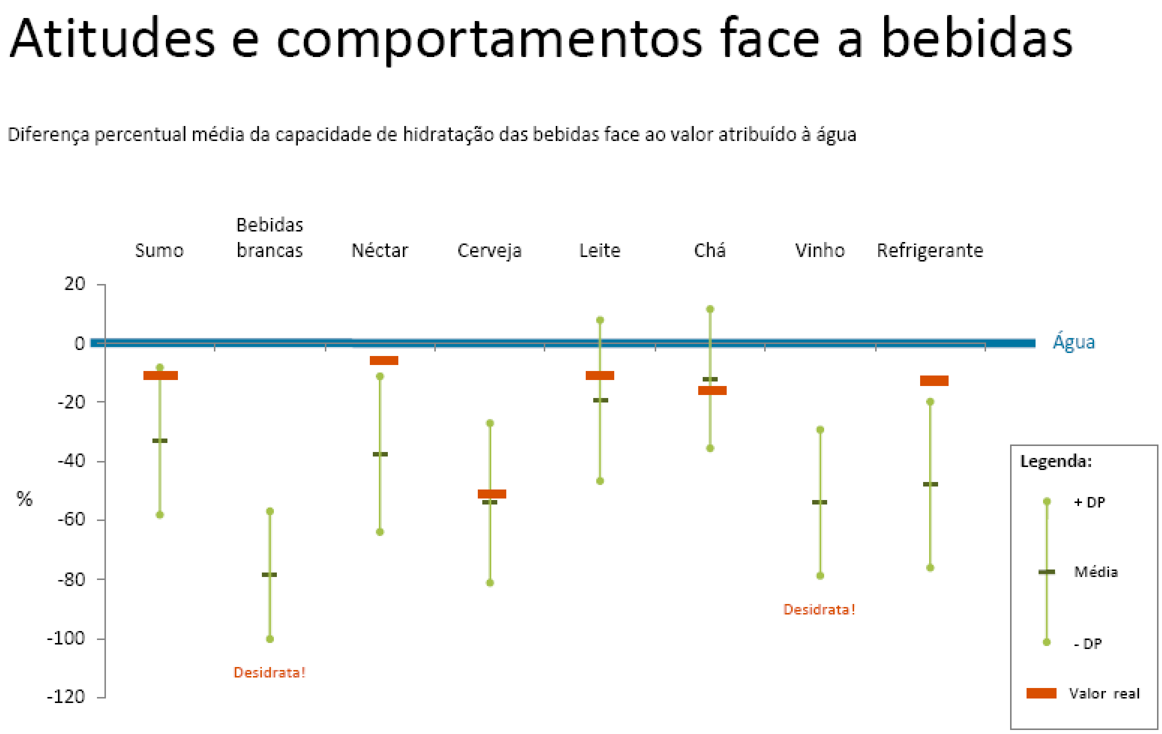
Source: (IHS, 2008)

CHART 8 – RECOGNIZED BEVERAGES PLEASURE AND HEALTH LEVEL



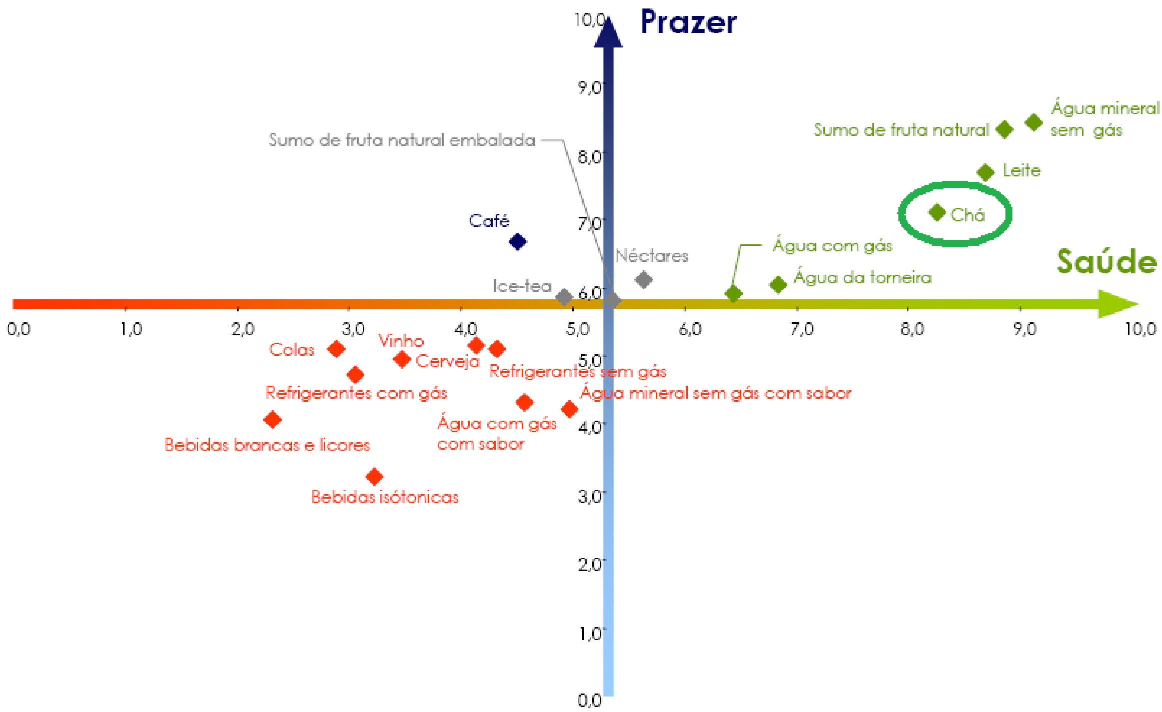
Source: (Santos, Gonçalves, & Loff, Estudo de Caracterização do perfil de Hidratação dos Portugueses, 2009)

Chart 9 – Attitudes and Behaviors towards Beverages



Source: (Santos & Loff, Estudo da influência das motivações de consumo no aporte hídrico dos Portugueses, 2010)

CHART 10 – BEVERAGES PERCEPTUAL MAP



Source: (Santos, Gonçalves, & Loff, Estudo de Caracterização do perfil de Hidratação dos Portugueses, 2009)

APPENDIX III – ENVIRONMENTAL AND SOCIAL RESPONSIBILITY FACTORS.

ENVIRONMENTAL FACTORS

In 1997, the old PVC packaging of 0,33 and 1,5 liters of Luso's water was substituted by a new PET packaging that brought some benefits to the product weigh, quality preservation, transparency, impact resistance and environmental care. In 2001 was the first step in the reduction of PET material in packaging starting with the 5 liters carboy, being a European recognized innovation. In 2003 was launched the 1,5 liters compactable bottle facilitating stowage and transportation for the individual consumers but also to the waste collection responsible entities, being considered "Product of the Year". In 2007, was created the "low neck" project consisting in reducing packaging threads size in 50% and 35% in weight representing less 190 PET tons/year used by the brand. In 2011 was changed, once again, all the PET packaging reducing 1,5 grams in each one. In 2012, was launched a new package format, the 5,4 liters carboy that replaced the traditional 5 liters one with the objective of better use PET (economize), reducing costs and being eco-friendly. Finally, in 2013, the more recent action in environmental path is the introduction of recycled PET in packaging at 20% (achieving 100% is the long term objective) (S.A.L, 2012).

In a more corporative perspective, SCC have some interesting initiatives to promote environmental care behaviors as is example the band created with only recycled instruments “Toca a Reciclar”.

SOCIAL RESPONSIBILITY FACTORS

Since 2011, Luso has sensitized Factories and “Casino” visitors, according to the current difficulties that affect many of the Portuguese families, to voluntarily contribute suggesting a minimum of 1€ per visitant to support the Community Institutions where Factories are located (S.A.L, 2012).

Ending the 160 years existence celebration, Luso in a partnership with Experimentadesign , offer a free entrance to the organized art exhibition called “Pureza” with objective of selling art pieces and collect financial funds to donate to Abraço institution. This action valued more than 16.000€ for the Portuguese institution to prevent AIDS in school environments, initiatives that were never subsidized by state funds, depending on private donations. To Nuno Pinto Magalhães, SCC Director of Communications and Institutional Relations, “this was the best 160 years Luso’s commemorations ending. Our brand is passed, present and future. This exhibition shows well our challenging, innovative, sustainable and supportive side…” (Imagens de Marca, 2013).

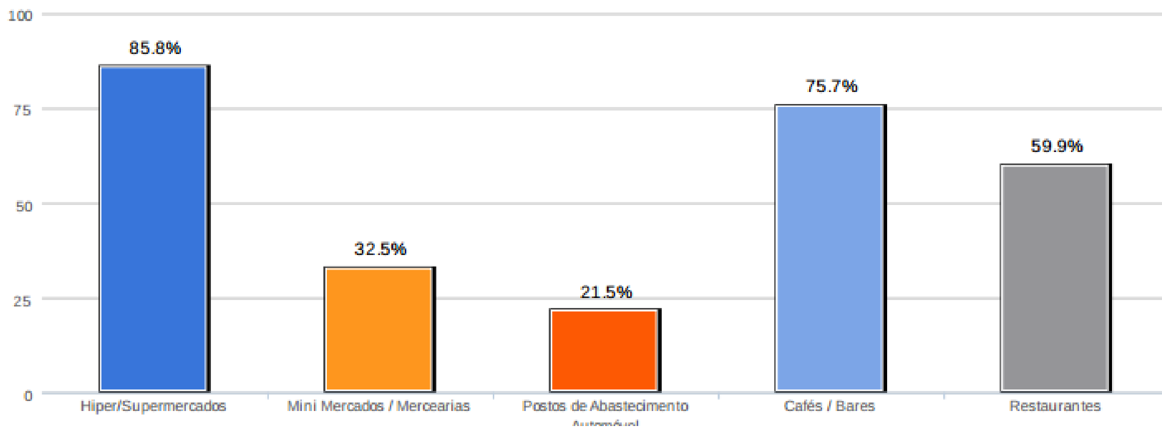
Beyond all this initiatives we still have Luso Foundation, acting in 3 different areas (Heath, Environment and Community) with the mission of contributing to the spread of knowledge and information about human health, preservation of the hydric and natural Luso’s heritage and also to guaranty the sustainable development of Luso’s community (Fundação Luso, 2013). As examples of Luso Foundation initiatives we have: (S.A.L, 2012)

- A yearly, since 2011, cleaning and reforestation action in Bussaco forest where 80 employees give their work day for this community service that in addiction of helping protect the perimeter of Luso's water source, also ensures a better life quality and the pleasure of enjoying a clean forest space for the population.
- Organization and attribution, in partnership with SABER VIVER magazine, of the yearly Health award, which seeks to enhance the best, innovative and achievable idea, which contributes to a better population state of hydration through the consumption of natural mineral water.
- Attribution of an entrepreneurial award that aims to recognize innovative and entrepreneur projects, in the municipality of Mealhada, with implementation in Luso, enhancing the economic development of the region.
- Several frequent awareness actions about water importance is our quotidian life always in cooperation with the partners. The main ones are APN (Nutritionists Portuguese Association) , SPEO (Portuguese Society for the Obesity Research) and FPC (Cardiology Portuguese Foundation).

In a corporative way SCC also have a community care protocol with Vila Franca de Xira City Council to help 200 families with few resources and actions to promote mutual help within local community. Internally SSC also care about employees having two main programs: Central One – Based on providing well-being, motivation and balance between professional and personal life; Missionários – Based on concerning about the importance of work security and hygiene, health and environment.

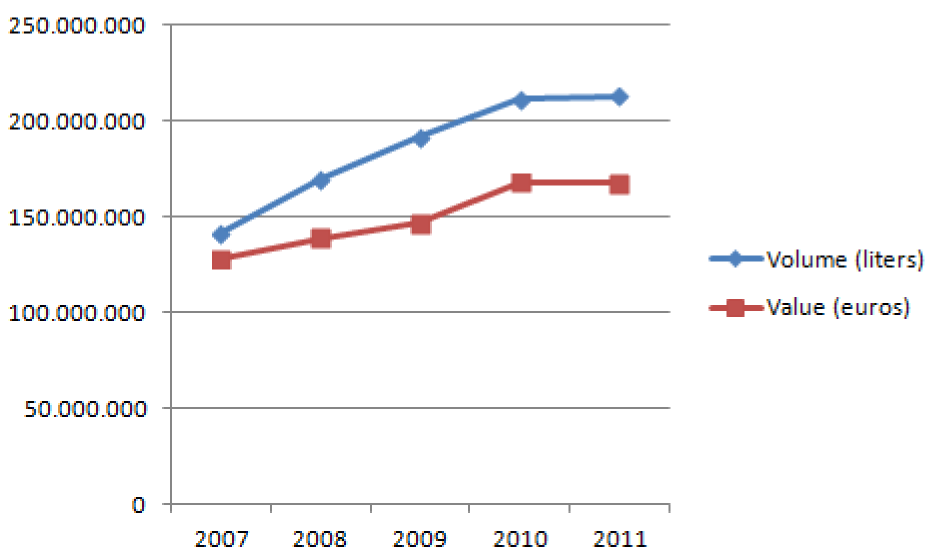
Appendix IV – Sector Evolution and Trends

Chart 11 – Distribution Agents Relevance



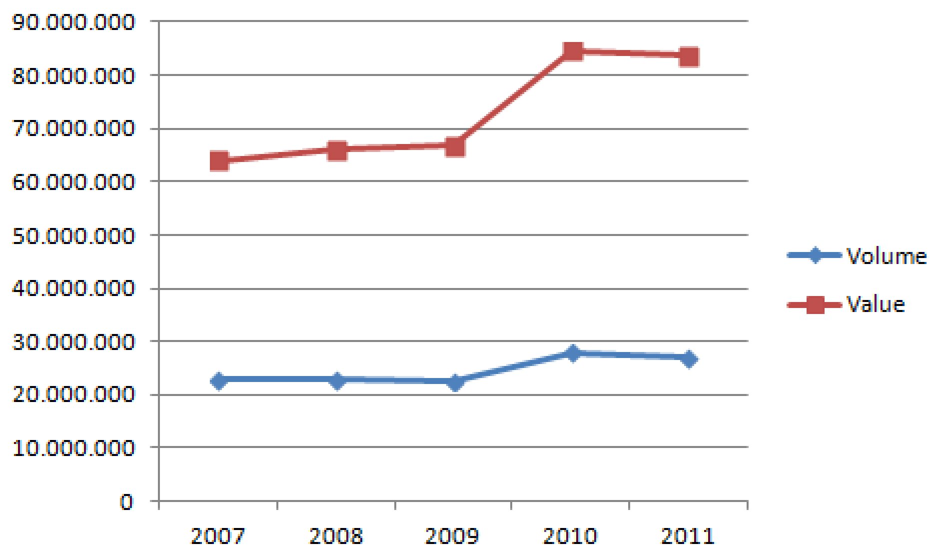
Source: Questionnaire Conducted (2013)

Chart 12 – Ice Tea Sector Sales Evolution in Volume & Value



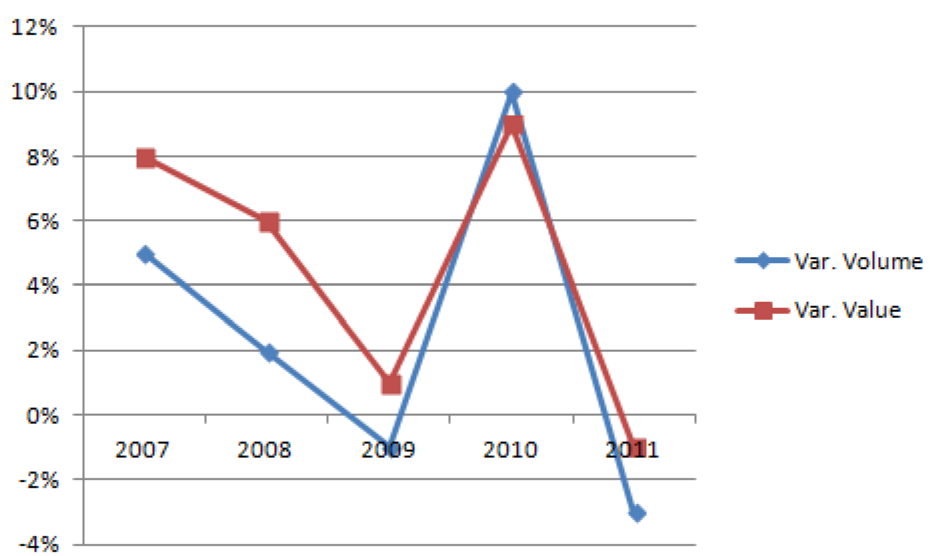
Source: Adapted from (Nielsen)

CHART 13 – HORECA SALES VOLUME & VALUE EVOLUTION



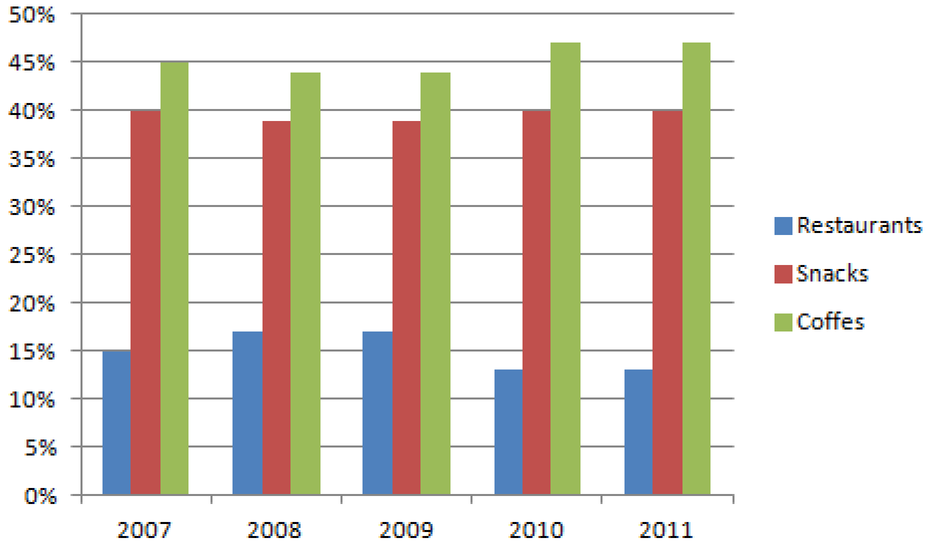
Source: Adapted from (Nielsen)

CHART 14 – HORECA SALES VOLUME & VALUE VARIATION EVOLUTION



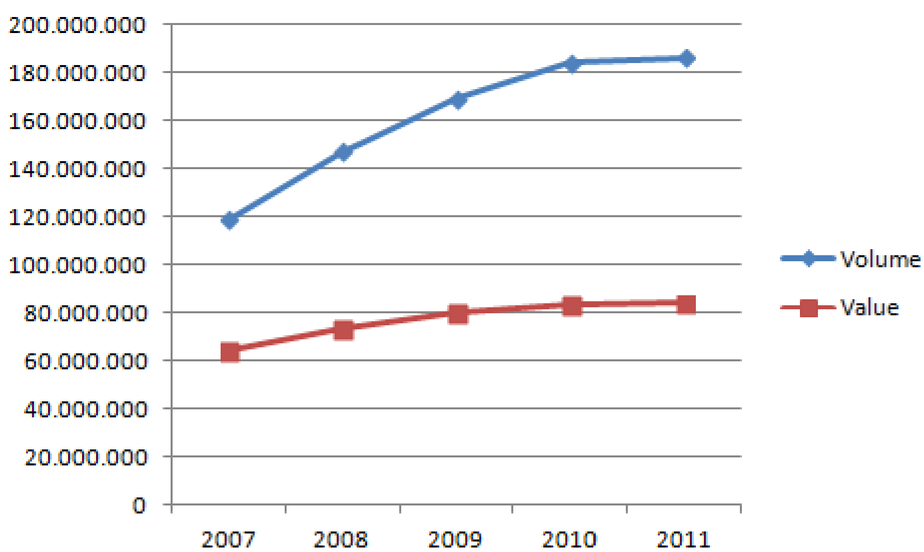
Source: Adapted from (Nielsen)

CHART 15 – HORECA ECONOMIC AGENTS WEIGHT



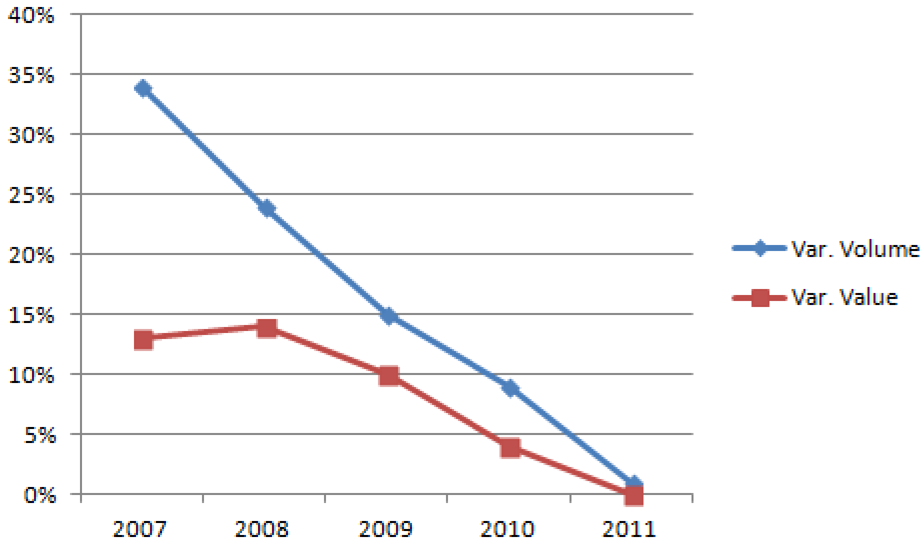
Source: Adapted from (Nielsen)

CHART 16 – TAKE HOME SALES VOLUME & VALUE EVOLUTION



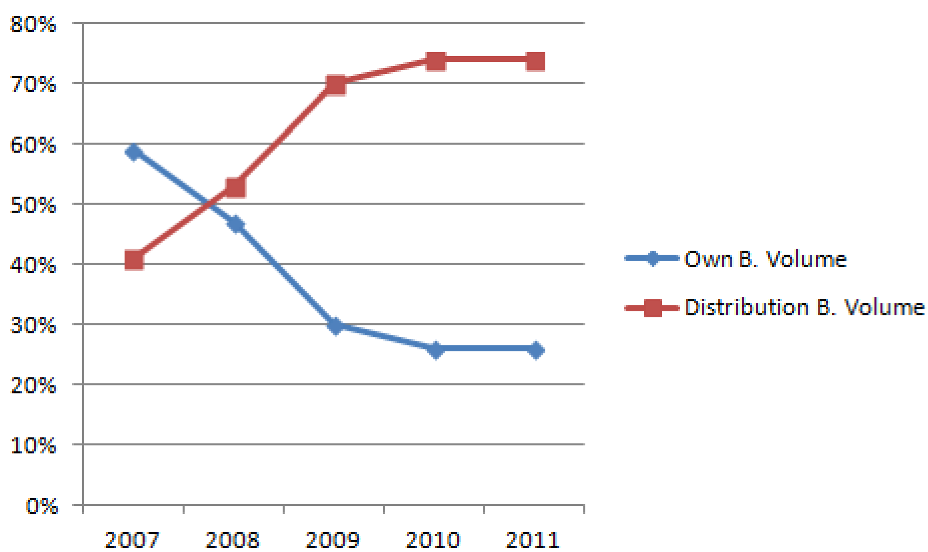
Source: Adapted from (Nielsen)

CHART 17 – TAKE HOME SALES VOLUME & VALUE VARIATION EVOLUTION



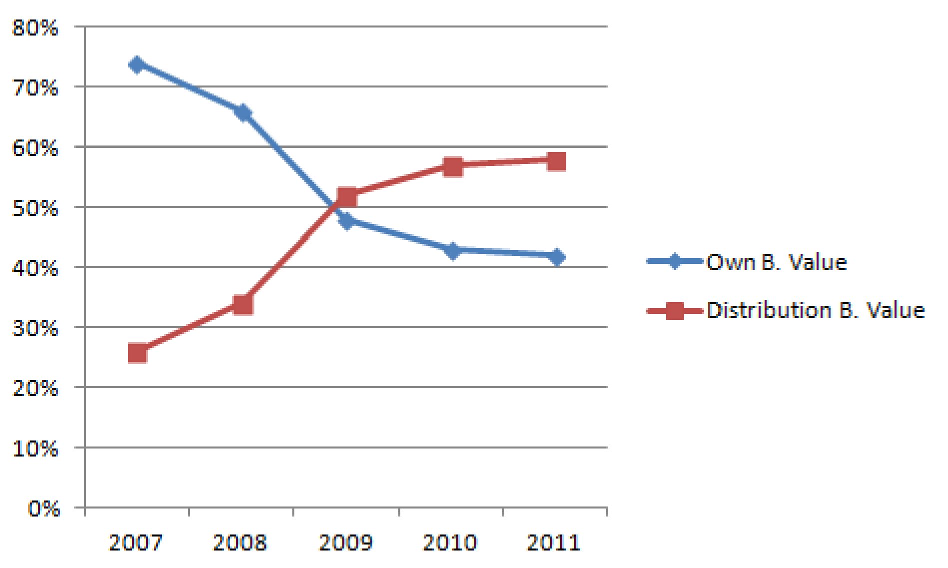
Source: Adapted from (Nielsen)

CHART 18 – OWN BRAND VS DISTRIBUTION BRAND – SALES VOLUME



Source: Adapted from: (Nielsen)

CHART 19 – OWN BRAND VS DISTRIBUTION BRAND – SALES VALUE



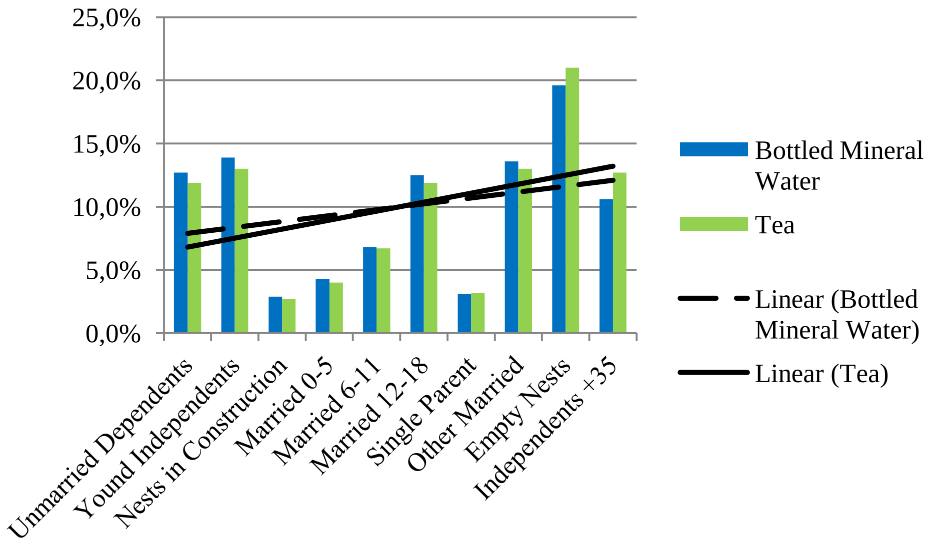
Source: Adapted from (Nielsen)

CHART 20 – TAKE HOME ECONOMIC AGENTS WEIGHT

Source: Adapted from (Nielsen)

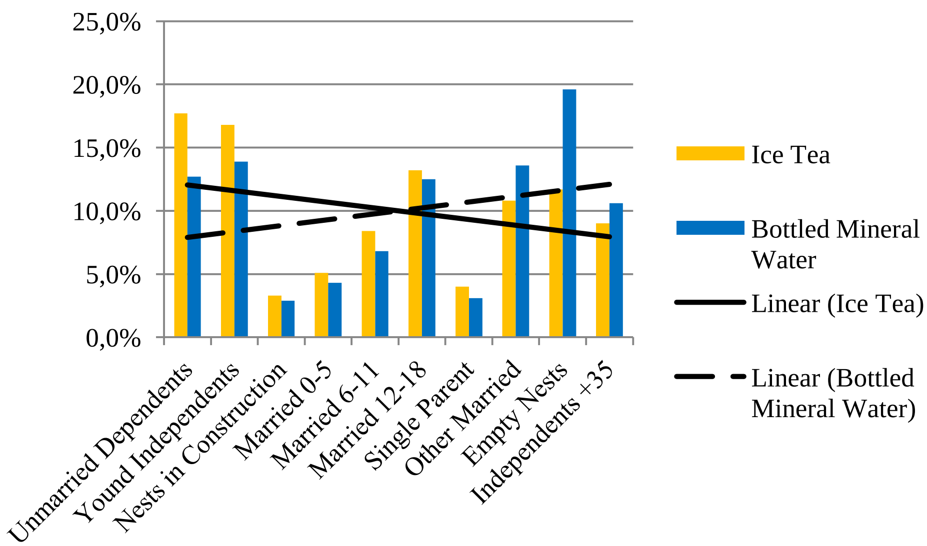
APPENDIX V – WATER CONSUMER VS. TEA CONSUMER

CHART 21 – TEA & WATER PENETRATION



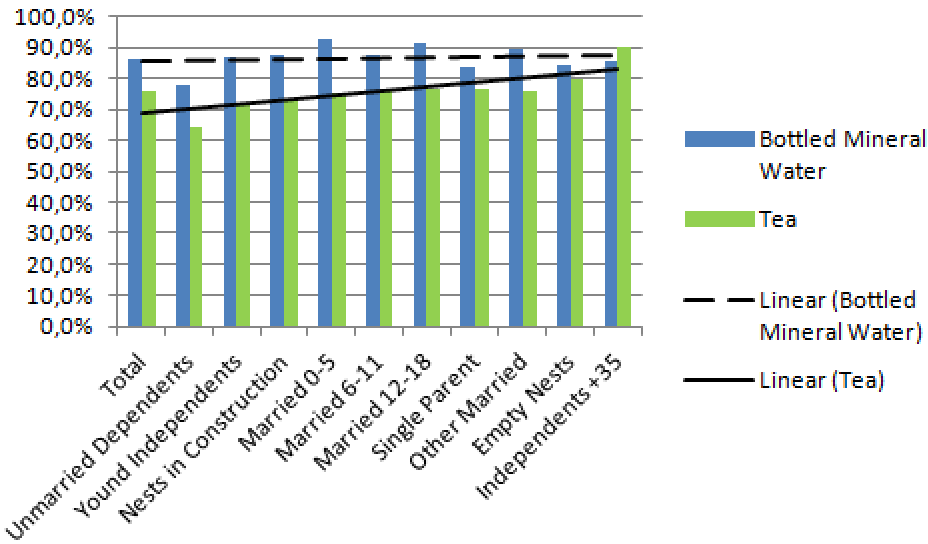
Source: Adapted from (Marktest Consulting, 2012)

CHART 22 – ICE TEA & WATER PENETRATION



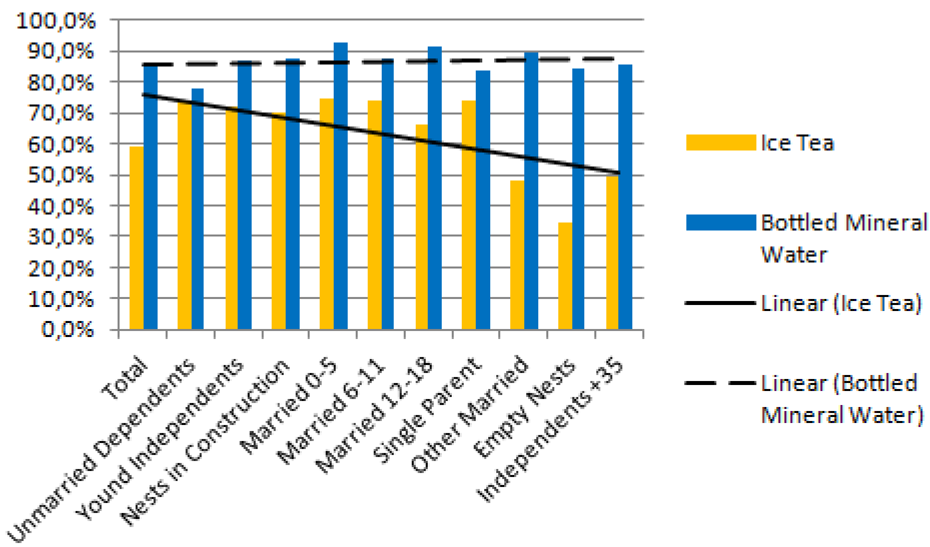
Source: Adapted from (Marktest Consulting, 2012)

CHART 23 – TEA & WATER LIFE CYCLE



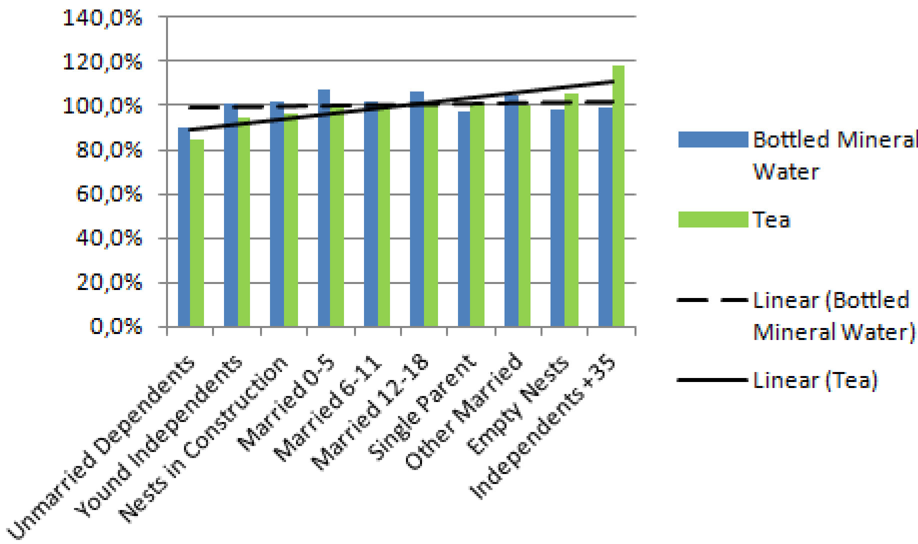
Source: Adapted from (Marktest Consulting, 2012)

CHART 24 – ICE TEA & WATER LIFE CYCLE



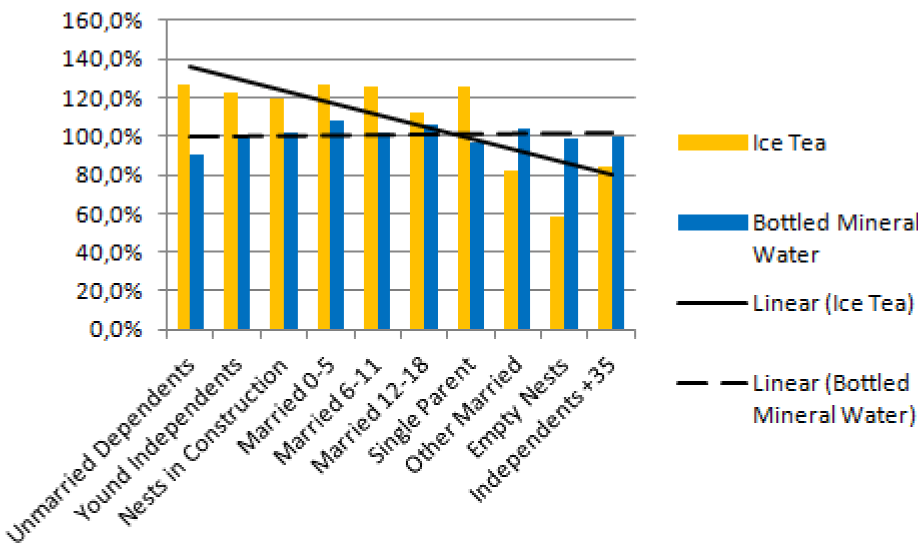
Source: Adapted from (Marktest Consulting, 2012)

CHART 25 – TEA & WATER AFFINITY



Source: Adapted from (Marktest Consulting, 2012)

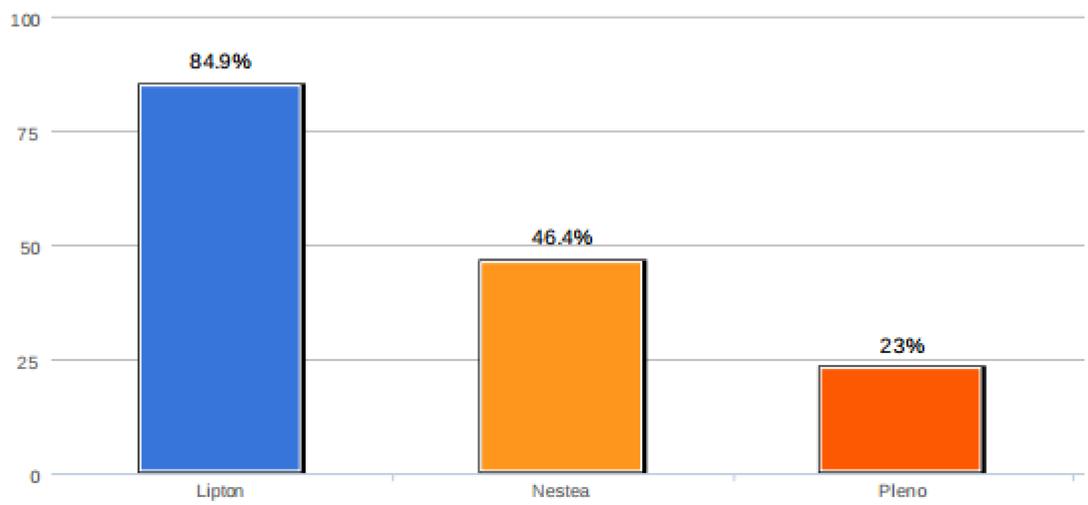
CHART 26 – ICE TEA & WATER AFFINITY



Source: Adapted from (Marktest Consulting, 2012)

APPENDIX VI – COMPETITIVE ANALYSIS

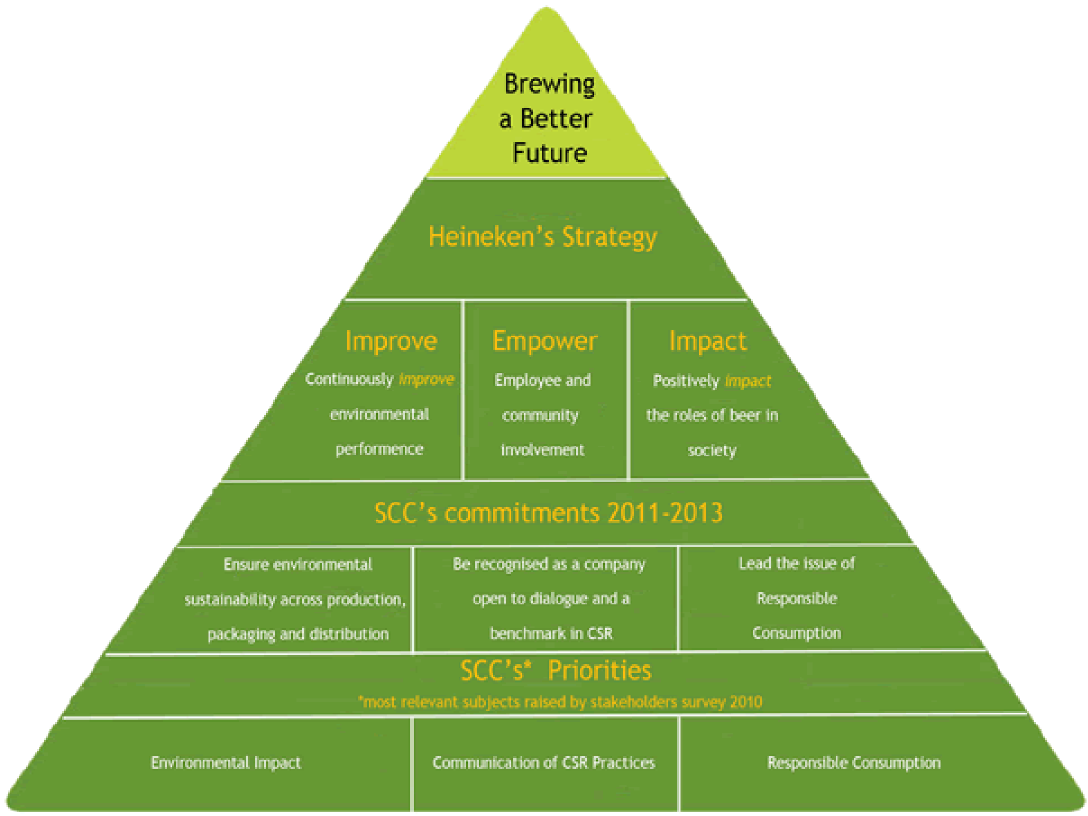
CHART 27 – MAIN ICE TEAS CONSUMED



Source: Questionnaire Conducted (2013)

APPENDIX VII – INTERNAL ANALYSIS

FIGURE 4 – SCC COMMITMENT WITH HEINEKEN'S GUIDELINES



Source: (S.C.C., 2012)

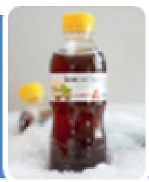
TABLE 9 – LUSO INNOVATION PORTFOLIO

Luso Green

- 2011
- Premium bottle that combines the features and the unique flavor of Luso Water.

Luso de Fruta

- 2011
- New refreshing drink that combines the natural mineral water Luso with natural fruit juice



Ice Coffee

- 2009
- Natural beverage based on Luso's Natural Mineral Water and extract of Delta Coffee

Ritmo Luso

- 2008
- Beverage based on Luso's Natural Mineral Water for the domestic market that regulates intestinal transit

Packaging Ecological Improvement

- 2007
- Bottlenecks and covers about 50% smaller than the previously available bottles, resulting in an annual reduction of about 190 tonnes of plastic

Formas Luso

- 2006
- Beverage made up 98.6% Natural Mineral Water Luso with scientifically proven efficacy in reducing appetite.

Luso Fresh

- 2005
- Slightly carbonated water that combines the revitalizing power of the gas and the moisturizing power of water.

Luso Frigo

- 2005
- Innovative packaging with a capacity of 3 liters that can be stored in the refrigerator, allowing the consumer to have fresh water always available.

Compressible Bottle

- 2003
- Allows the reduction of its size by 75% over the original, facilitating their packaging and transportation.

Luso Junior

- 2002
- Drinking water especially for children, allows to combine the ease of use of the pipette with the hygiene of a normal capsule

Gelo Luso

- 1999
- Natural cubes of Luso's Natural Mineral Water, packaged in boxes of 36 cubes.

Sport Pack

- 1998
- Bottle that opens only with a touch. It is more practical to handle than the traditional bottles thanks to its innovative system.

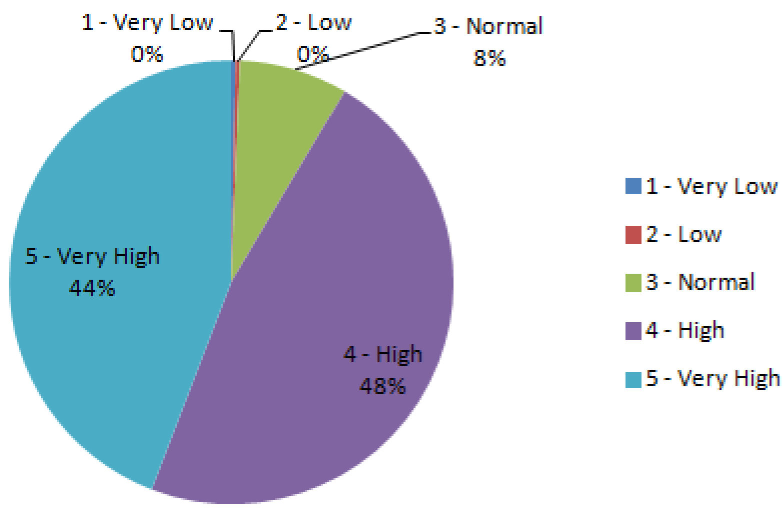
Pet Bottle

- 1997
- PVC containers were replaced with new PET packaging. Benefited the image of the product by its crystallinity, shock resistance and environmental protection

Source: Adapted from (S.A.L, 2012)

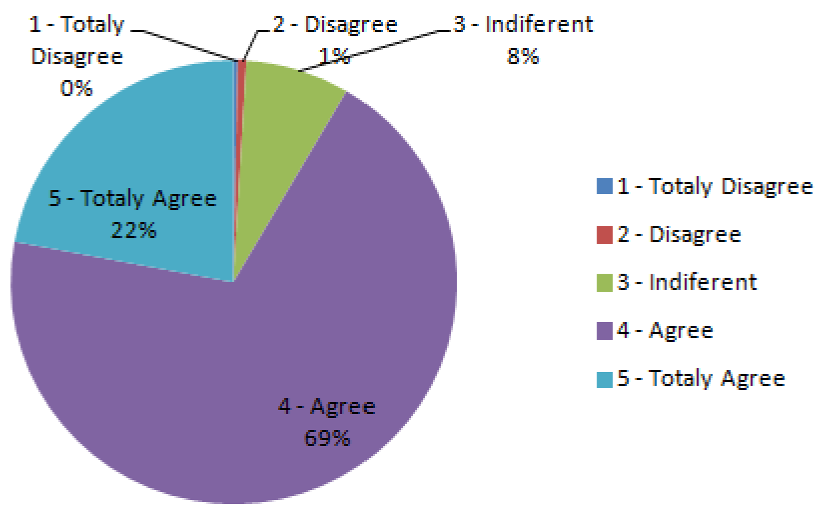
APPENDIX VIII – SWOT & CRITICAL SUCCESS FACTORS

CHART 28 – BRAND PERCEIVED QUALITY (QUESTION 11 FROM QUESTIONNAIRE)



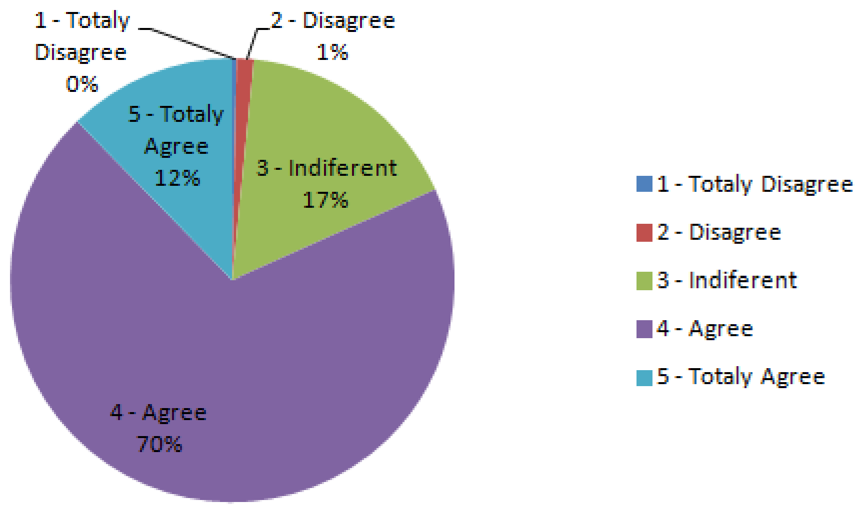
Source: Questionnaire Conducted (2013)

CHART 29 – BRAND PERCEIVED TRUST (QUESTION 12 FROM QUESTIONNAIRE)



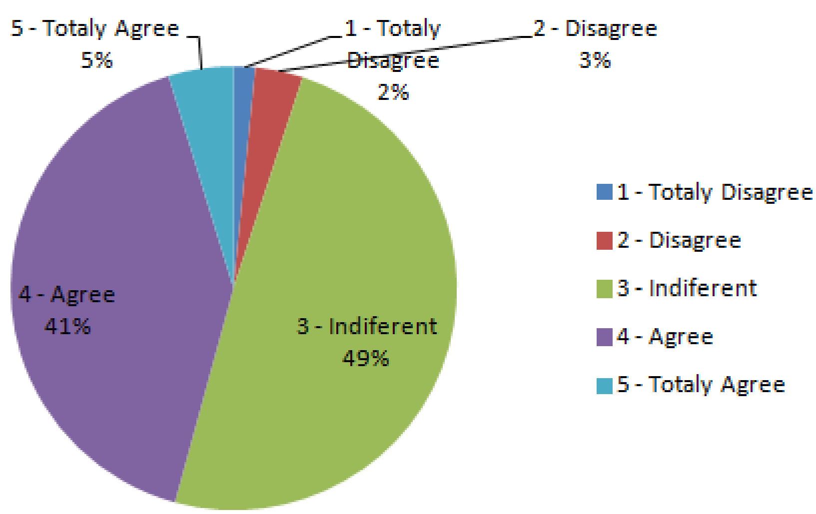
Source: Questionnaire Conducted (2013)

CHART 30 – FRIENDLY BRAND PERCEPTION (QUESTION 13 FROM QUESTIONNAIRE)



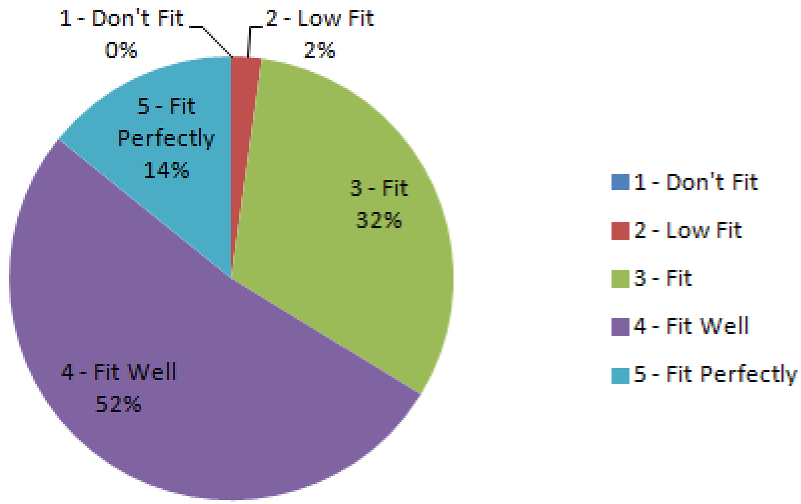
Source: Questionnaire Conducted (2013)

CHART 31 – IDENTIFICATION WITH BRAND (QUESTION 14 FROM QUESTIONNAIRE)



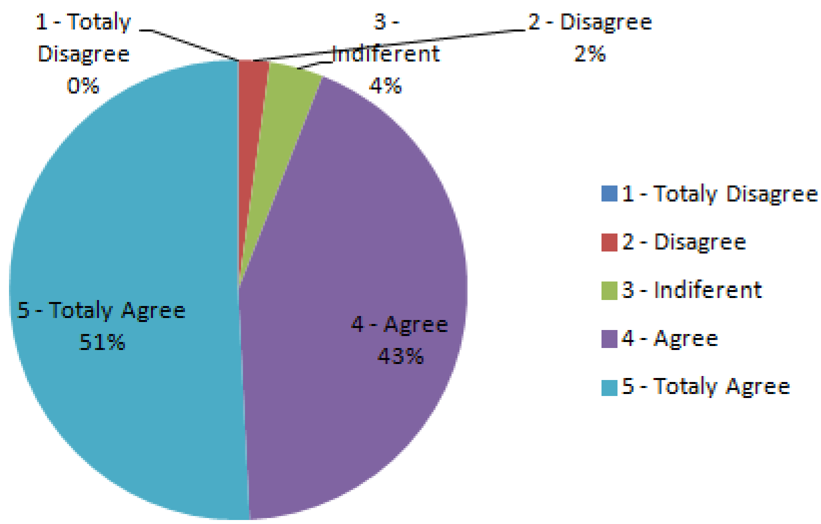
Source: Questionnaire Conducted (2013)

Chart 32 – Luso Tea Fit with Brand Values (Question 25 from Questionnaire)



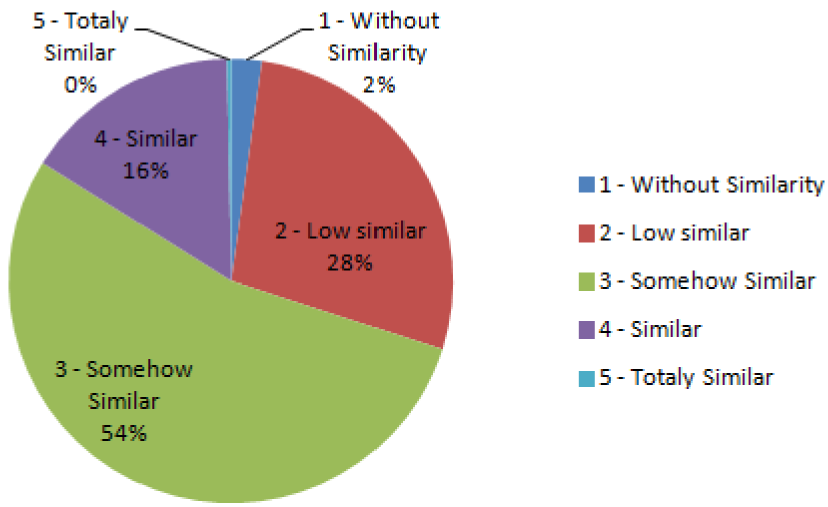
Source: Questionnaire Conducted (2013)

Chart 33 –Perceived Associations with Core Product (Question 26 from Questionnaire)



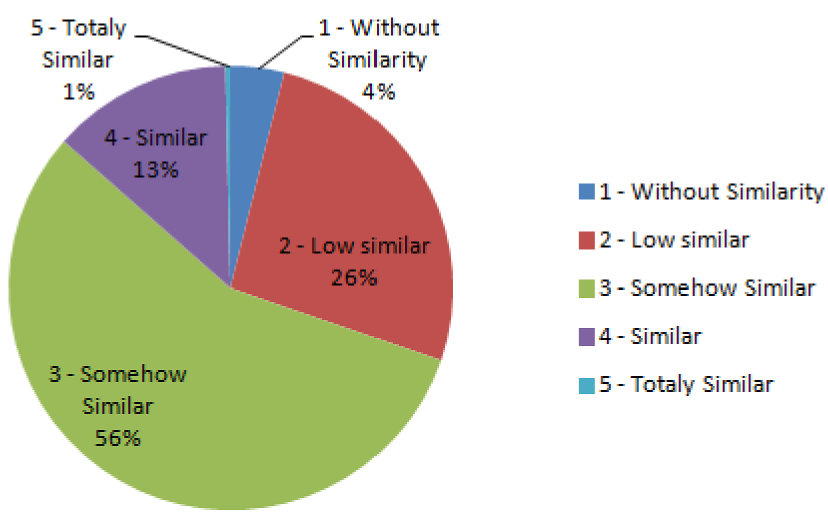
Source: Questionnaire Conducted (2013)

CHART 34 – LUSO TEA SIMILARITIES WITH BRAND'S PORTFOLIO (QUESTION 23 FROM QUESTIONNAIRE)



Source: Questionnaire Conducted (2013)

CHART 35 – LUSO TEA SIMILARITIES WITH LAST EXTENSION, LUSO FRUTA (QUESTION 24 FROM QUESTIONNAIRE)



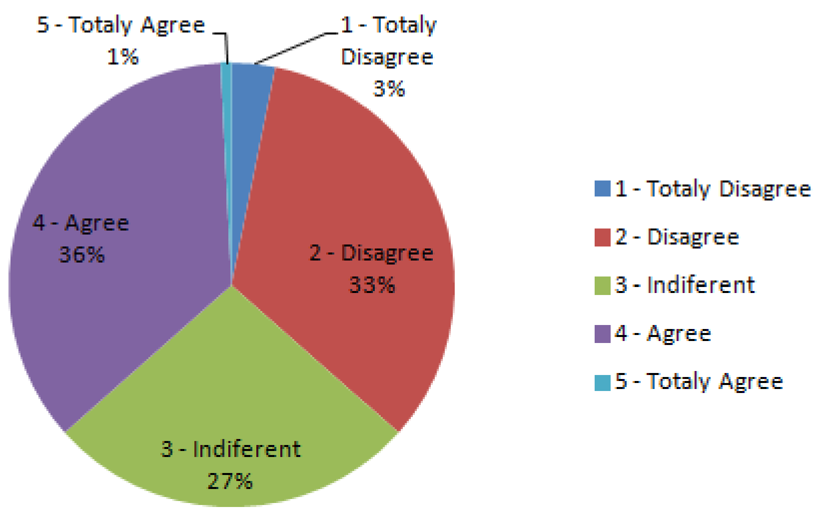
Source: Questionnaire Conducted (2013)

CRITICAL SUCCESS FACTORS

BRIEF CONCEPT EXPLANATION (QUESTIONNAIRE)

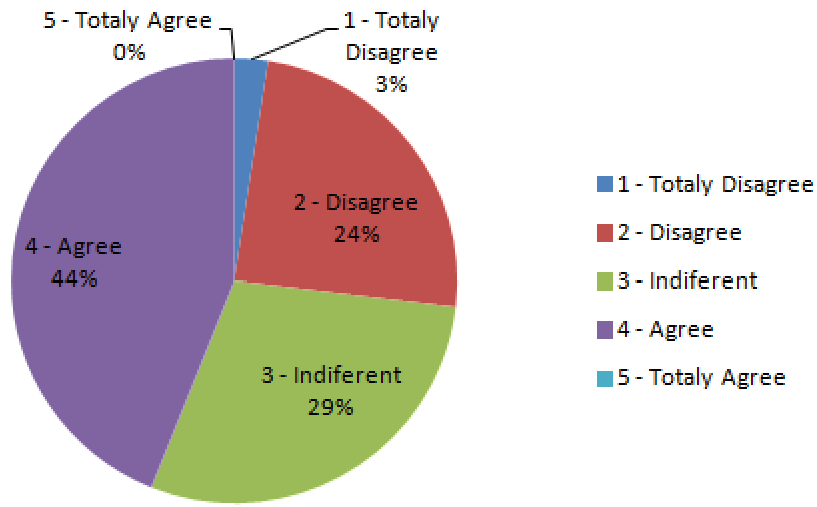
Luso Tea - "Esta é a proposta de lançamento que está a ser estudada que consiste num conjunto de Infusões Naturais de Chá a ser lançadas pela LUSO. Os efeitos benéficos para a saúde e bem-estar do consumo diário de chá são inúmeros e provados cientificamente, sendo complementados pelos efeitos positivos de um consumo moderado de cafeína contida no chá. Assim sendo deverá ser promovido o consumo, de cerca, de 1 litro de chá por dia, hidratando e ajudando a manter a saúde física e mental dos consumidores LUSO."

CHART 36 – LUSO FRUTA COMMUNICATION PERCEIVED VISIBILITY (QUESTION 19 FROM QUESTIONNAIRE)



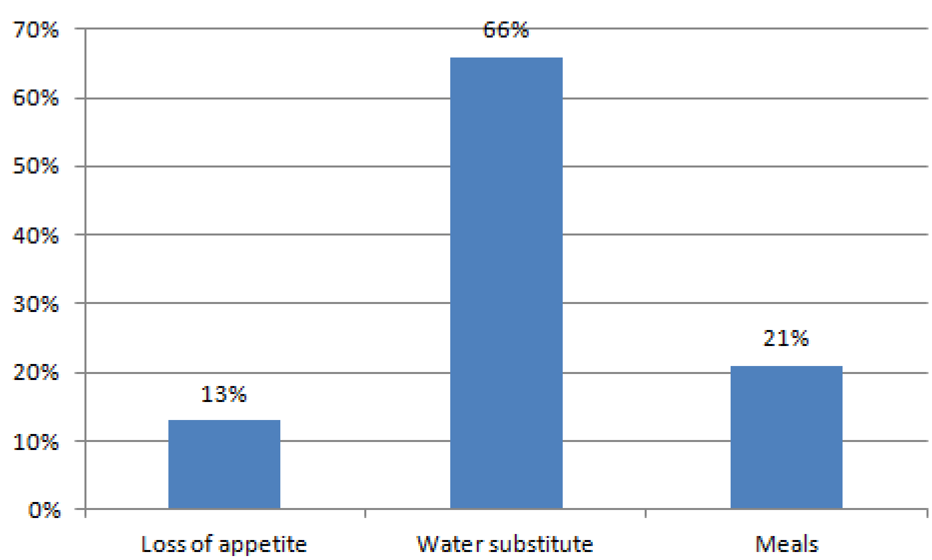
Source: Questionnaire Conducted (2013)

CHART 37 – PERCEIVED COMMUNICATION MESSAGE TRANSMITION COMPETENCE (QUESTION 20 FROM QUESTIONNAIRE)



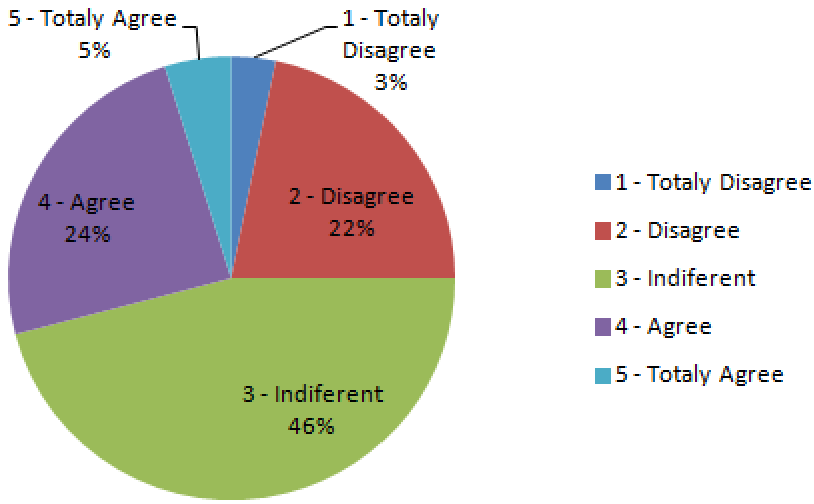
Source: Questionnaire Conducted (2013)

CHART 38 – LUSO FRUTA CONSUMPTION OBJETIVES



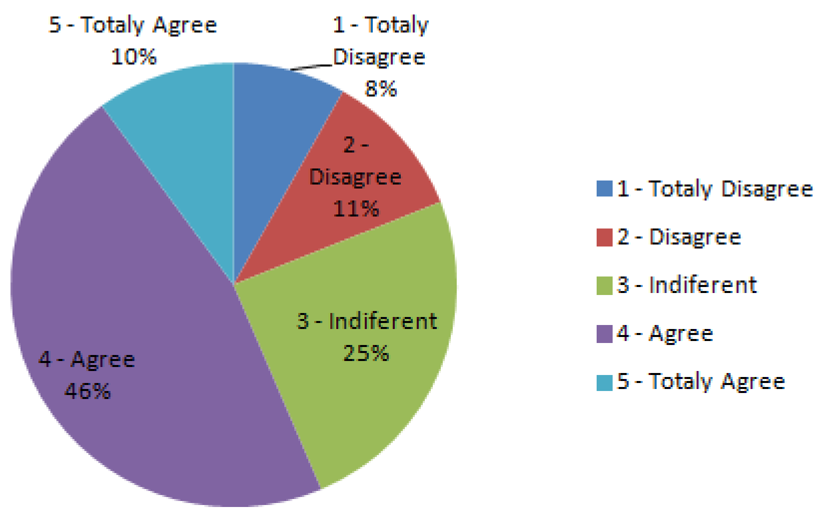
Source: Questionnaire Conducted (2013)

CHART 39 – LUSO FRUTA PRODUCT AVAILABILITY



Source: Questionnaire Conducted (2013)

CHART 40 – NEW PRODUCT CONSUMER ACCEPTANCE (QUESTION 34 FROM QUESTIONNAIRE)



Source: Questionnaire Conducted (2013)

Complementary CSF

- Parent-brand conviction, experience: Is important to have a convict and experienced brand behind a new product to help levering perceived product quality and trust. In the other side is also important to have a product that follows brand perceived quality and trust to keep them solid. Having 160 years of existence, Luso have a great market experience and conviction, so according to results from the questionnaire conducted the respondents graded the perceived success of Luso products with 3,6 (scale: 1 – 5) that can be representative of brand's high conviction when launch a new product.
- Previous brand extensions historical success & Consumer Innovativeness: The only brand extension made was Luso Fruta and according to (S.C.C., 2012) it was a success achieving more than the double of initial objectives. With Luso Tea the author considered relevant seek consumer will of try this new product, so according to the results from the questionnaire conducted 73% of the respondents that have ice tea consumption habits affirmed that if Luso launch Luso Tea they will surely try it (Chart 40).
- Product Intrinsic features: In FMCG markets consumers are really sensitive to several factors, being in this particular case: product Quality / Price relation, flavor (being the 1st emotional purchasing decision influencer) and nutritional and healthy features fitting the nowadays society emergent values.

Appendix IX – Questionnaire

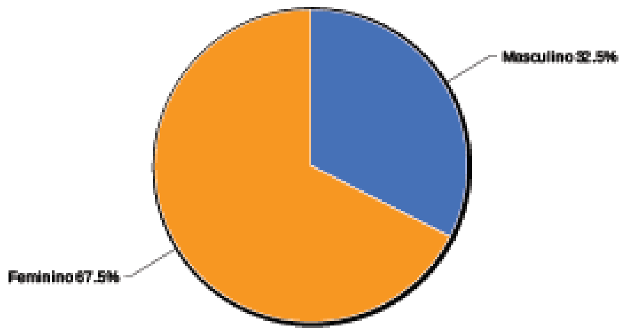
Questionnaire Report

Online Surveys, Data Collection and Integration
www.SurveyGizmo.com

Summary Report - Mar 31, 2013

Survey: Questionário - Tese de MSc. Marketing ISCTE-IUL

1. Sexo:

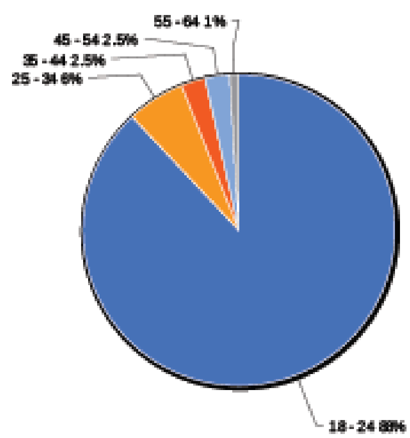


1. Sexo:

Value	Count	Percent %
Masculino	103	32.5%
Feminino	214	67.5%

Statistics	
Total Responses	317

2. Idade:



2. Idade:

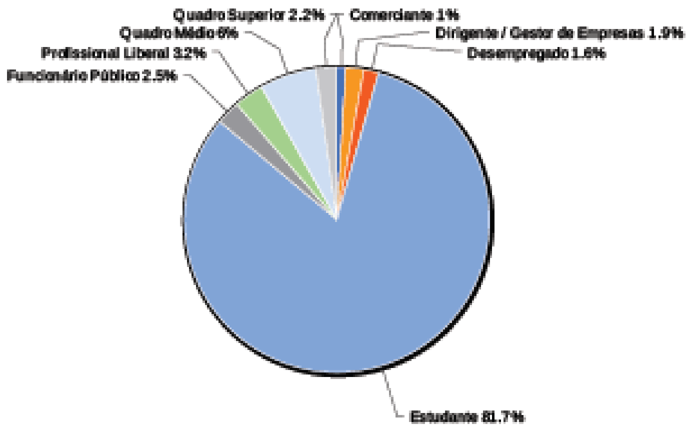
Value	Count	Percent %
18 - 24	279	88.0%
25 - 34	19	6.0%

Statistics	
Total Responses	317

35 - 44	8	2.5%
45 - 54	8	2.5%
55 - 64	3	1.0%
> 64	0	0.0%

Sum	5,465.0
Avg.	17.2
StdDev	7.0
Max	55.0

3. Profissão:



3. Profissão:

Value	Count	Percent %
Agricultor	0	0.0%
Comerciante	3	1.0%
Dirigente / Gestor de Empresas	6	1.9%
Desempregado	5	1.6%
Dona(o) de Casa	0	0.0%
Estudante	259	81.7%
Funcionário Público	8	2.5%
Profissional Liberal	10	3.2%
Operário	0	0.0%
Quadro Médio	19	6.0%
Quadro Superior	7	2.2%
Reformado	0	0.0%

Statistics	
Total Responses	317

4. Local (Concelho) de Residência:

Count	Response
1	AMADORA
1	Alenquer
8	Almada
1	Almeirim
12	Amadora
1	Azambuja

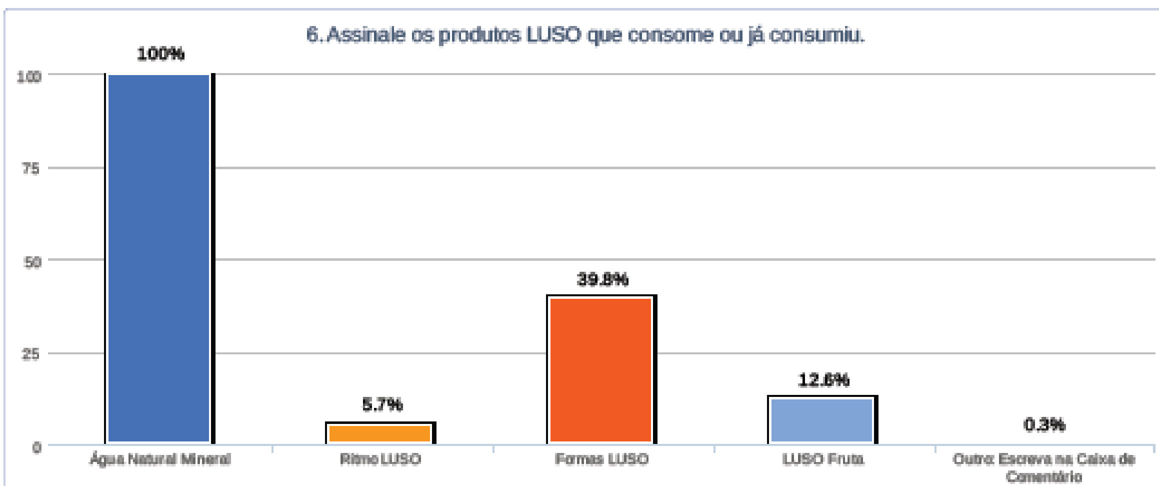
1	BARREIRO
2	Barreiro
1	Batalha
1	Beja
1	Belmonte
1	Brno
1	Caldas da Rainha
1	Camarate
1	Cantanhede
14	Cascais
2	Coimbra
1	Estremoz
1	Faro
1	Funchal - Madeira
1	Fátima
1	Grande Lisboa
1	Grândola
1	Guarda
1	LISBOA
1	LOURES
1	Leiria
105	Lisboa
1	Londres
15	Loures
1	Lourinhã
1	Madrid
7	Mafra
2	Maia
1	Manteigas
1	Marinha Grande
3	Montijo
1	Odemira
13	Odivelas
10	Oeiras
1	Ourem
2	Ourém
1	Palmela
1	Portimao
1	Portimão
2	Porto
1	Santa Comba Dão
2	Santarém
1	Seia
4	Seixal
1	Sesimbra
2	Setúbal

1	Siexal
22	Sintra
1	Torres Novas
6	Torres Vedras
7	Vila Franca de Xira
1	Vila franca de xira
1	Vila franca xira
1	alcochete
1	arruda dos vinhos
1	cascais
1	celorico da beira
1	coimbra
11	lisboa
2	loures
1	mafra
1	odivelas
3	oeiras
2	sintra
1	torres vedras
1	Évora

5. Local (Concelho) onde Trabalha:

Count	Response
1	Alenquer
1	Almada
1	Alverca
1	Amadora
1	BARREIRO
1	Belém
1	Brno
1	Carregado
1	Cascais
1	Coimbra
1	Entre Campos
1	Estudante
1	Faro
1	Grande Lisboa
2	ISCTE
1	ISCTE- IUL (Lisboa)
2	LISBOA
1	Liaboa
204	Lisboa
1	Lisboa (estudo)

1	Londres
3	Loures
1	Madrid
1	Matosinhos
1	Não trabalho
6	Oeiras
1	Ourém
1	PARQUE DAS NAÇÕES
1	Pombal
3	Porto
1	República Checa
1	Sacavém
1	Santa Comba Dão
1	Sintra
2	cascais
1	coimbra
1	entrecampos
1	guarda
21	lisboa
1	nenhum



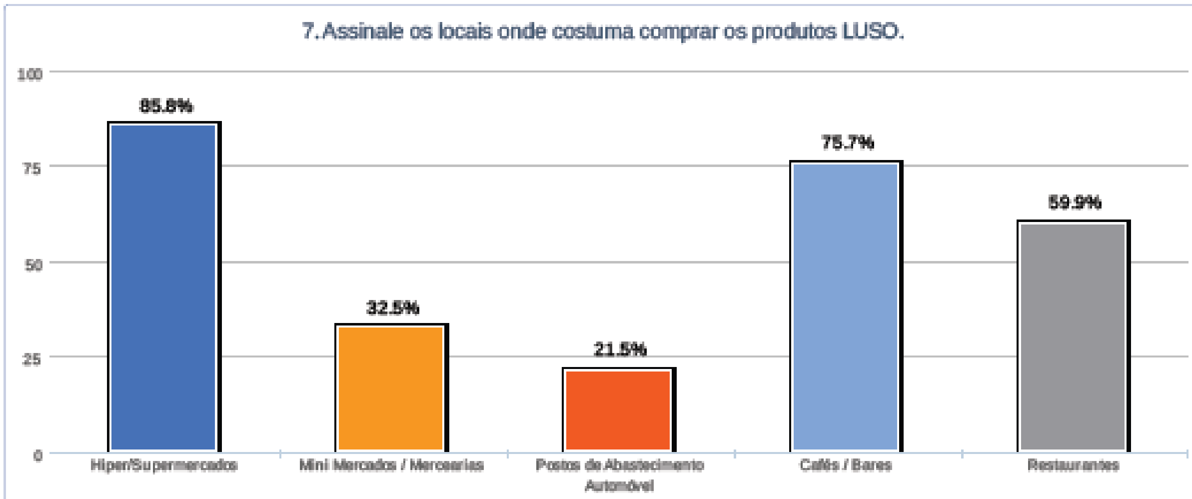
6. Assinale os produtos LUSO que consome ou já consumiu.

Value	Count	Percent %
Água Natural Mineral	317	100.0%
Ritmo LUSO	18	5.7%
Formas LUSO	126	39.8%
LUSO Fruta	40	12.6%
Outro: Escreva na Caixa de Comentário	1	0.3%
Nenhum	0	0.0%

Statistics	
Total Responses	317

Comments

Count	Response
1	Uma das minhas águas preferidas.
1	gelo

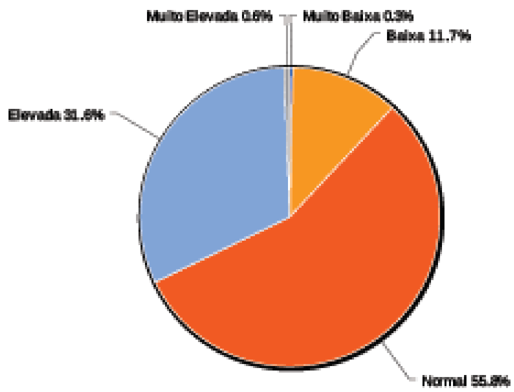


7. Assinale os locais onde costuma comprar os produtos LUSO.

Value	Count	Percent %
Hiper/Supermercados	272	85.8%
Mini Mercados / Mercearias	103	32.5%
Postos de Abastecimento Automóvel	68	21.5%
Cafés / Bares	240	75.7%
Restaurantes	190	59.9%

Statistics	
Total Responses	317

8. A pró-atividade por parte da LUSO em lançar novos produtos para o mercado é:

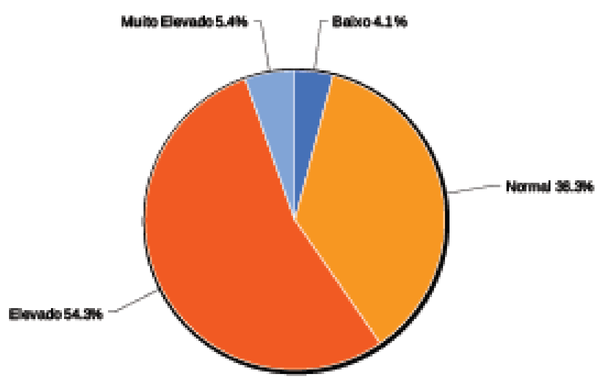


8. A pró-atividade por parte da LUSO em lançar novos produtos para o mercado é:

Value	Count	Percent %
Muito Baixa	1	0.3%
Baixa	37	11.7%
Normal	177	55.8%
Elevada	100	31.6%
Muito Elevada	2	0.6%

Statistics	
Total Responses	317

9. O sucesso dos produtos LUSO é:

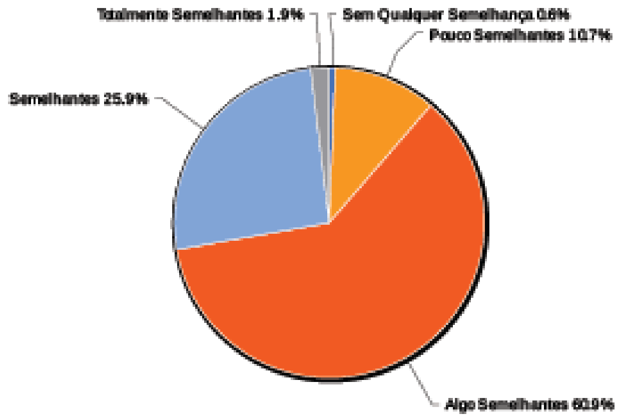


9. O sucesso dos produtos LUSO é:

Value	Count	Percent %
Muito Baixo	0	0.0%
Baixo	13	4.1%
Normal	115	36.3%
Elevado	172	54.3%
Muito Elevado	17	5.4%

Statistics	
Total Responses	317

10. O grau de semelhança entre os produtos da marca LUSO é:

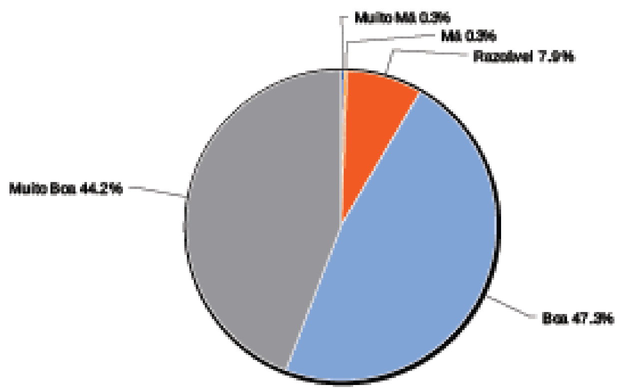


10. O grau de semelhança entre os produtos da marca LUSO é:

Value	Count	Percent %
Sem Qualquer Semelhança	2	0.6%
Pouco Semelhantes	34	10.7%
Algo Semelhantes	193	60.9%
Semelhantes	82	25.9%
Totalmente Semelhantes	6	1.9%

Statistics	
Total Responses	317

11. A qualidade da Água Mineral LUSO é:



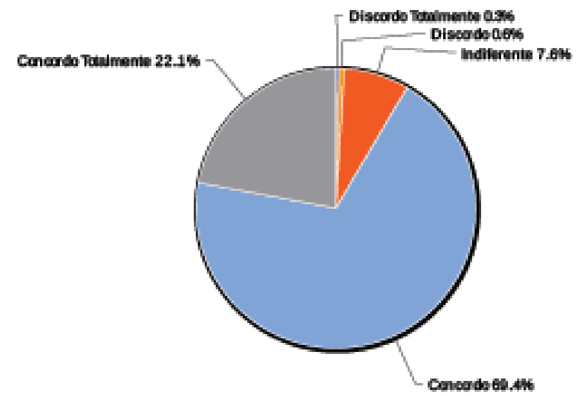
11. A qualidade da Água Mineral LUSO é:

Value	Count	Percent %
Muito Má	1	0.3%
Má	1	0.3%

Statistics	
Total Responses	317

Razoável	25	7.9%
Boa	150	47.3%
Muito Boa	140	44.2%

12. Ao avaliar um produto novo no mercado lançado pela LUSO, sei que posso confiar na marca.

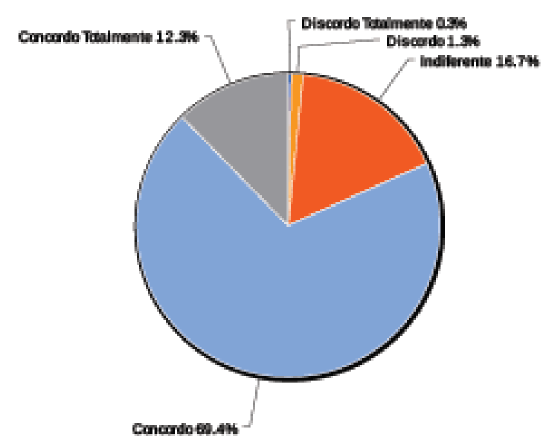


12. Ao avaliar um produto novo no mercado lançado pela LUSO, sei que posso confiar na marca.

Value	Count	Percent %
Discordo Totalmente	1	0.3%
Discordo	2	0.6%
Indiferente	24	7.6%
Concordo	220	69.4%
Concordo Totalmente	70	22.1%

Statistics	
Total Responses	317

13. A LUSO é uma marca amigável



13. A LUSO é uma marca amigável

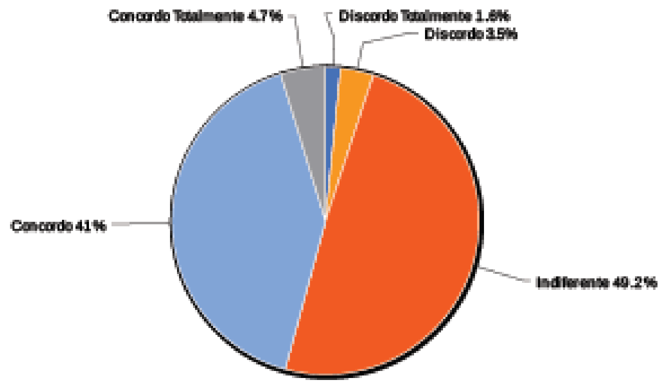
Value	Count	Percent %

Statistics

Discordo Totalmente	1	0.3%
Discordo	4	1.3%
Indiferente	53	16.7%
Concordo	220	69.4%
Concordo Totalmente	39	12.3%

Total Responses	317

14. Eu identifico-me com a marca LUSO

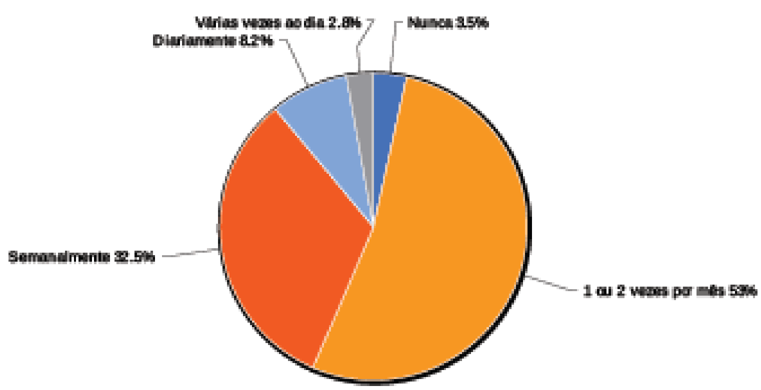


14. Eu identifico-me com a marca LUSO

Value	Count	Percent %
Discordo Totalmente	5	1.6%
Discordo	11	3.5%
Indiferente	156	49.2%
Concordo	130	41.0%
Concordo Totalmente	15	4.7%

Statistics	
Total Responses	317

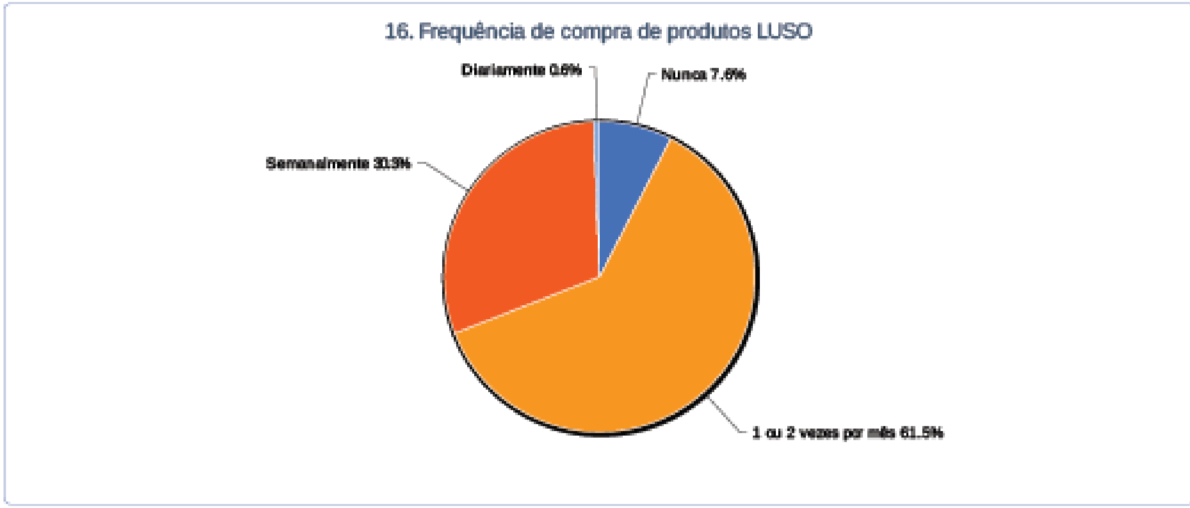
15. Frequência de consumo de produtos LUSO



15. Frequência de consumo de produtos LUSO

Value	Count	Percent %
Nunca	11	3.5%
1 ou 2 vezes por mês	168	53.0%
Semanalmente	103	32.5%
Diariamente	26	8.2%
Várias vezes ao dia	9	2.8%

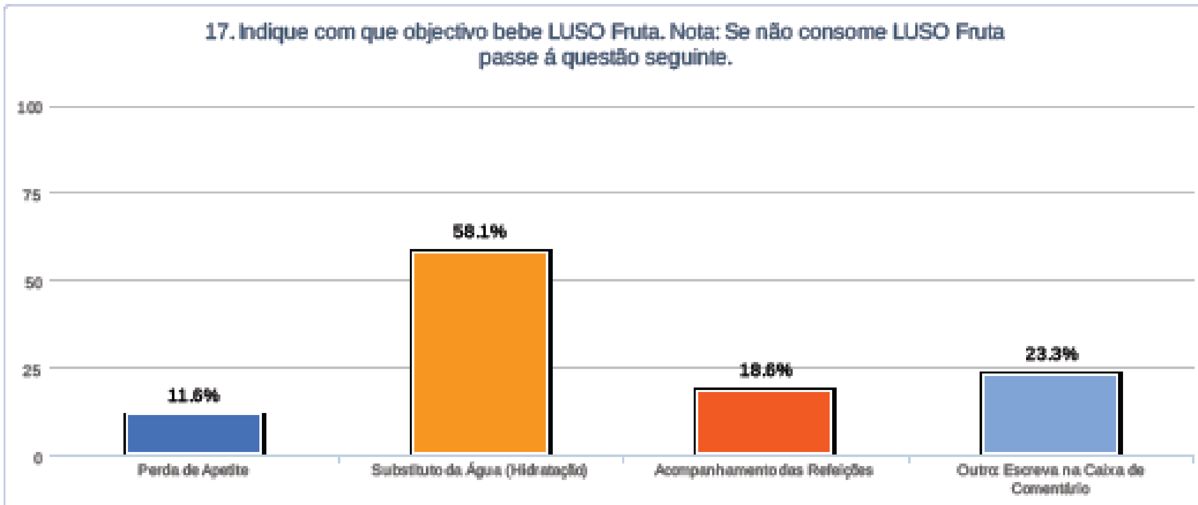
Statistics	
Total Responses	317
Sum	168.0
Avg.	1.0
Max	1.0



16. Frequência de compra de produtos LUSO

Value	Count	Percent %
Nunca	24	7.6%
1 ou 2 vezes por mês	195	61.5%
Semanalmente	96	30.3%
Diariamente	2	0.6%
Várias vezes ao dia	0	0.0%

Statistics	
Total Responses	317
Sum	195.0
Avg.	1.0
Max	1.0



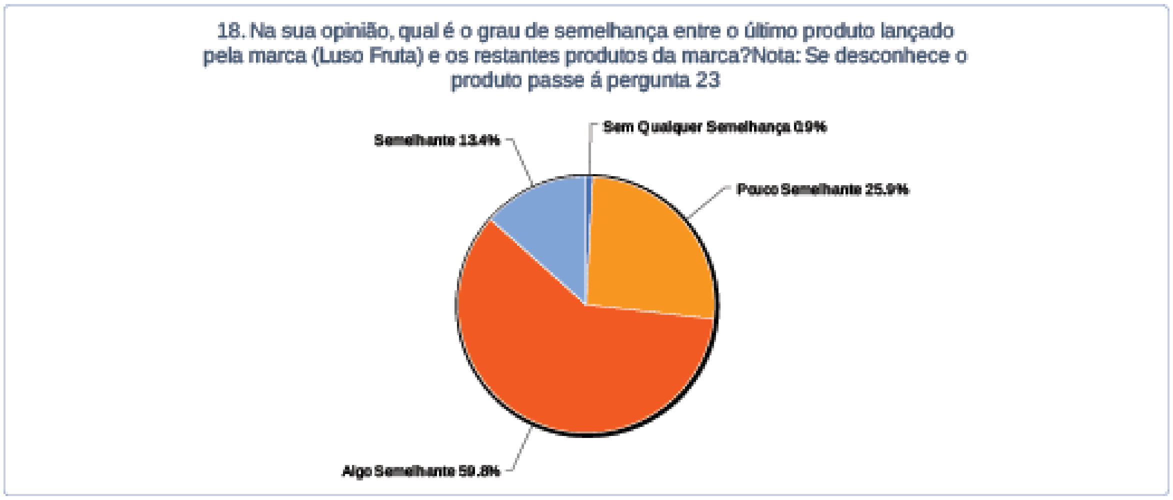
17. Indique com que objectivo bebe LUSO Fruta. Nota: Se não consome LUSO Fruta passe á questão seguinte.

Value	Count	Percent %
Perda de Apetite	5	11.6%
Substituto da Água (Hidratação)	25	58.1%
Acompanhamento das Refeições	8	18.6%
Outro: Escreva na Caixa de Comentário	10	23.3%

Statistics	
Total Responses	43

Comments

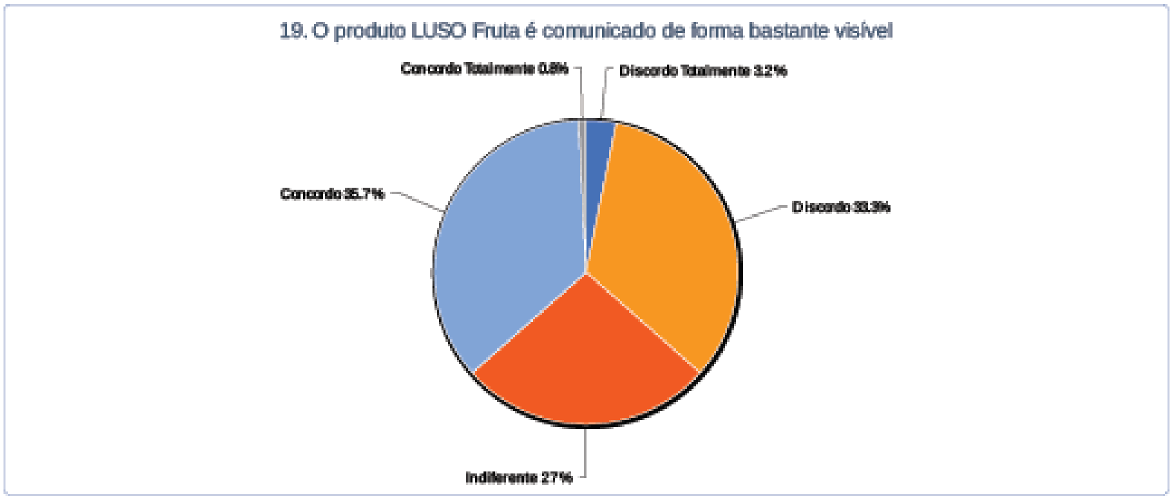
Count	Response
1	- "Tomar algo" no café / bar
1	Apenas para provar experimentar
1	Apesar de já ter consumido tratou-se apenas de experimentar através de ofertas
1	Experimentar o produto. Só bebi uma vez.
1	Não bebo LUSO Fruta
1	Para experimentar o produto
1	Por vezes para substituir os refrigerantes
1	cocktails
1	não consumo
1	pelo gosto (sabor)



18. Na sua opinião, qual é o grau de semelhança entre o último produto lançado pela marca (Luso Fruta) e os restantes produtos da marca? Nota: Se desconhece o produto passe á pergunta 23

Value	Count	Percent %
Sem Qualquer Semelhança	1	0.9%
Pouco Semelhante	29	25.9%
Algo Semelhante	67	59.8%
Semelhante	15	13.4%
Totalmente Semelhante	0	0.0%

Statistics	
Total Responses	112

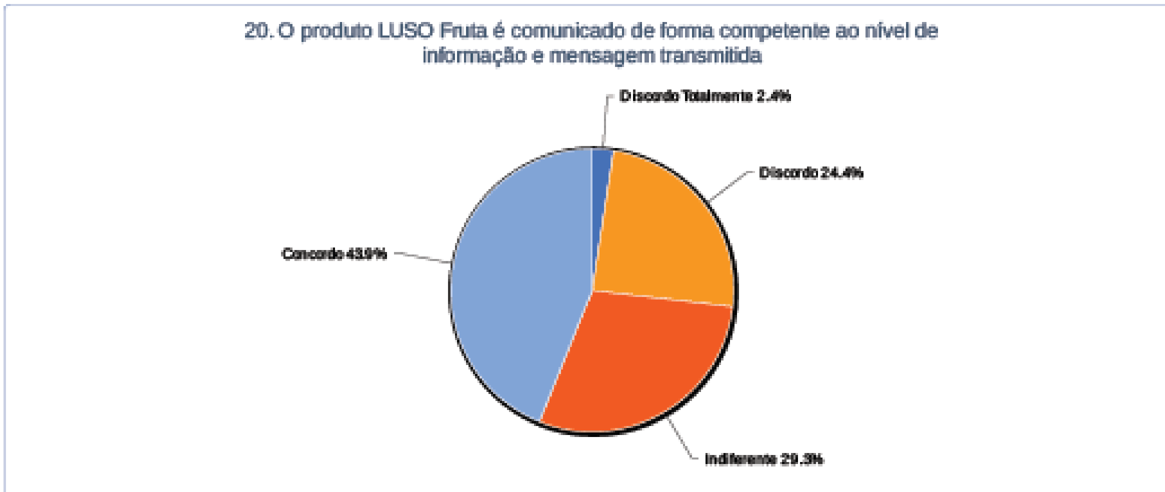


19. O produto LUSO Fruta é comunicado de forma bastante visível

Value	Count	Percent %
Discordo Totalmente	4	3.2%
Discordo	42	33.3%
Indiferente	34	27.0%
Concordo	45	35.7%

Statistics	
Total Responses	126

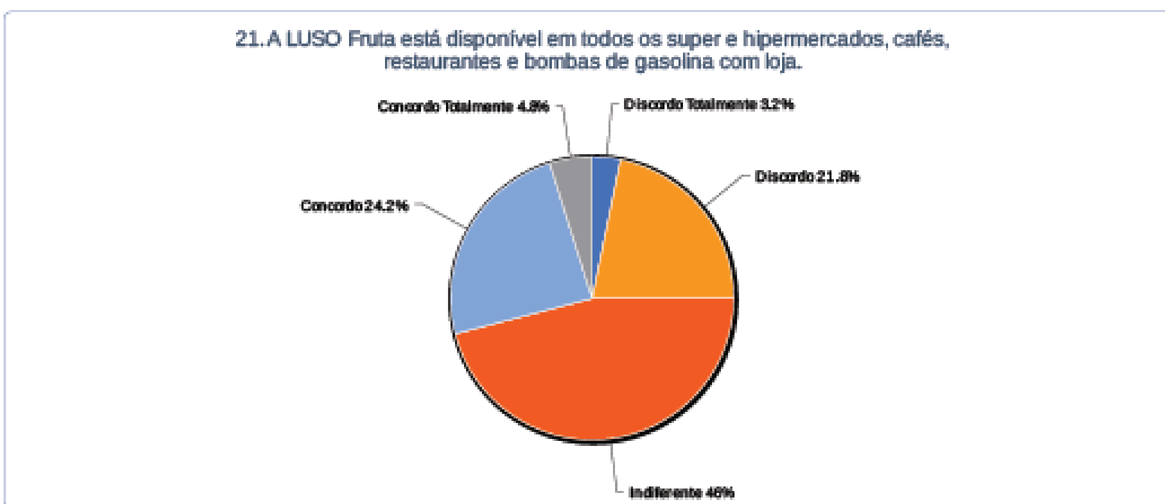
Concordo Totalmente	1	0.8%



20. O produto LUSO Fruta é comunicado de forma competente ao nível de informação e mensagem transmitida

Value	Count	Percent %
Discordo Totalmente	3	2.4%
Discordo	30	24.4%
Indiferente	36	29.3%
Concordo	54	43.9%
Concordo Totalmente	0	0.0%

Statistics	
Total Responses	123

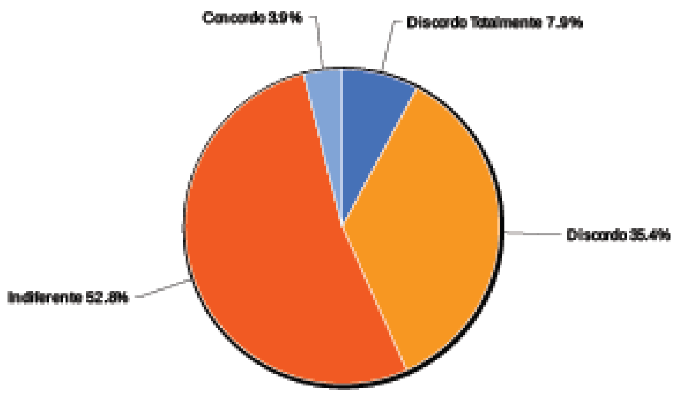


21. A LUSO Fruta está disponível em todos os super e hipermercados, cafés, restaurantes e bombas de gasolina com loja.

Value	Count	Percent %
Discordo Totalmente	4	3.2%
Discordo	27	21.8%
Indiferente	57	46.0%
Concordo	30	24.2%
Concordo Totalmente	6	4.8%

Statistics	
Total Responses	124

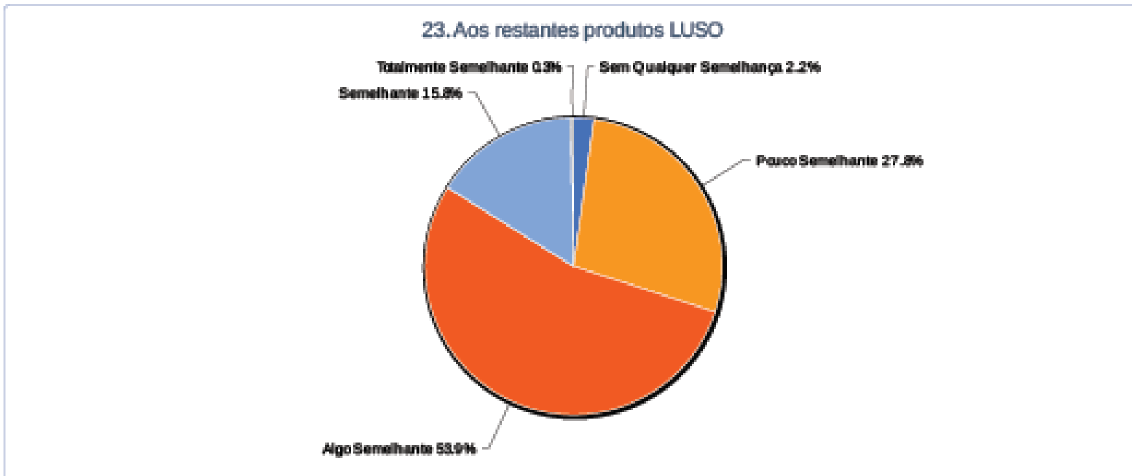
22. A LUSO Fruta está quase sempre esgotada nos locais de venda



22. A LUSO Fruta está quase sempre esgotada nos locais de venda

Value	Count	Percent %
Discordo Totalmente	10	7.9%
Discordo	45	35.4%
Indiferente	67	52.8%
Concordo	5	3.9%
Concordo Totalmente	0	0.0%

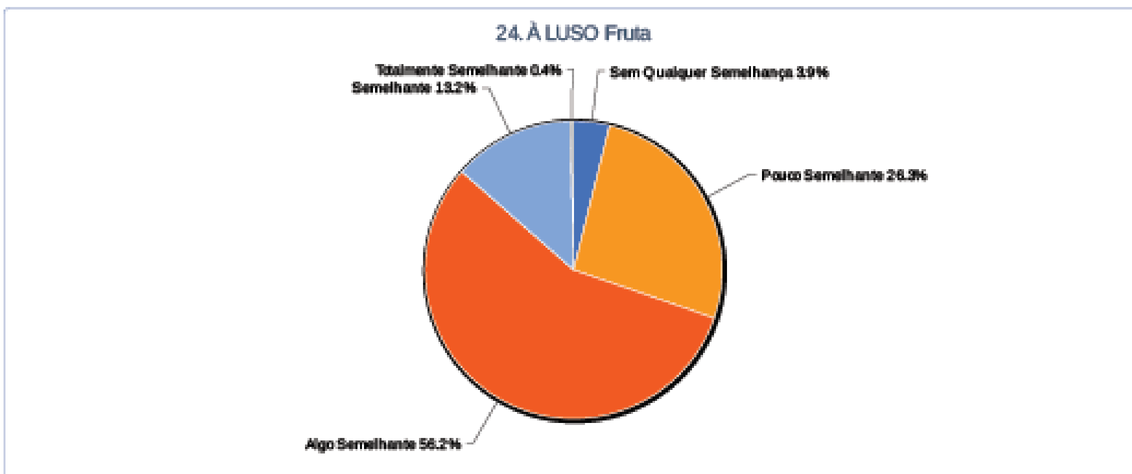
Statistics	
Total Responses	127



23. Aos restantes produtos LUSO

Value	Count	Percent %
Sem Qualquer Semelhança	7	2.2%
Pouco Semelhante	88	27.8%
Algo Semelhante	171	53.9%
Semelhante	50	15.8%
Totalmente Semelhante	1	0.3%

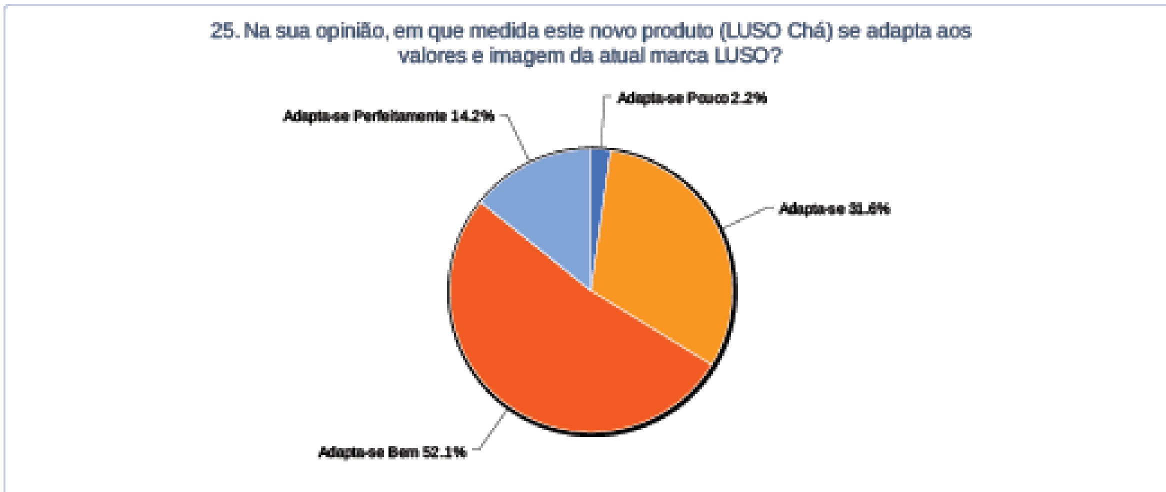
Statistics	
Total Responses	317



24. À LUSO Fruta

Value	Count	Percent %
Sem Qualquer Semelhança	11	3.9%
Pouco Semelhante	74	26.3%
Algo Semelhante	158	56.2%
Semelhante	37	13.2%
Totalmente Semelhante	1	0.4%

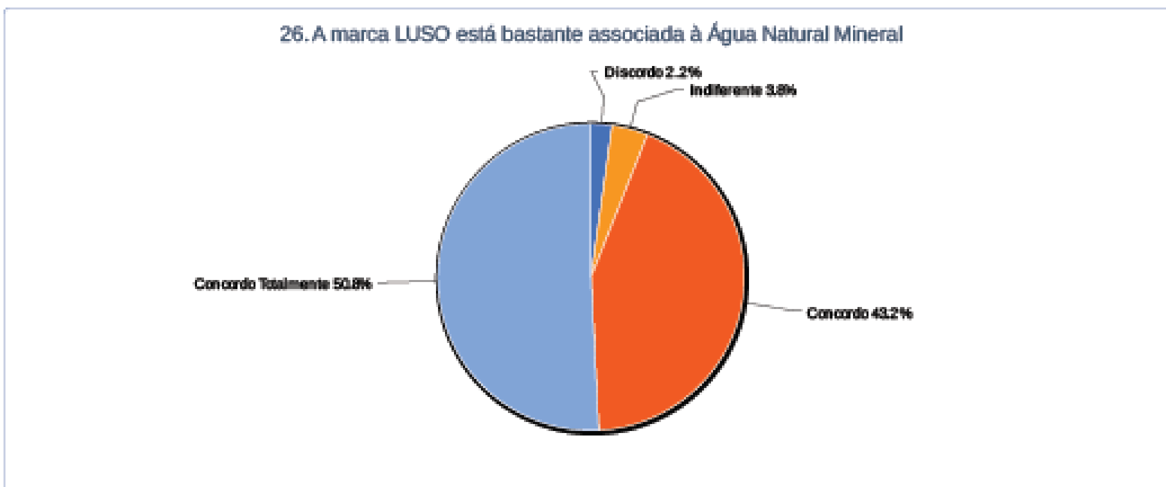
Statistics	
Total Responses	281



25. Na sua opinião, em que medida este novo produto (LUSO Chá) se adapta aos valores e imagem da atual marca LUSO?

Value	Count	Percent %
Não se Adapta	0	0.0%
Adapta-se Pouco	7	2.2%
Adapta-se	100	31.6%
Adapta-se Bem	165	52.1%
Adapta-se Perfeitamente	45	14.2%

Statistics	
Total Responses	317

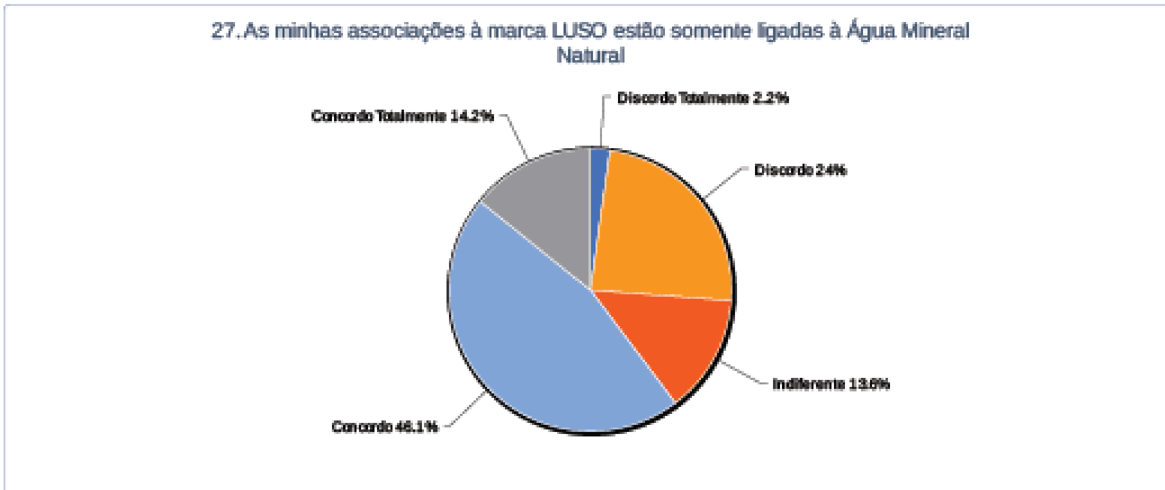


26. A marca LUSO está bastante associada à Água Natural Mineral

Value	Count	Percent %
Discordo Totalmente	0	0.0%

Statistics	
Total Responses	317

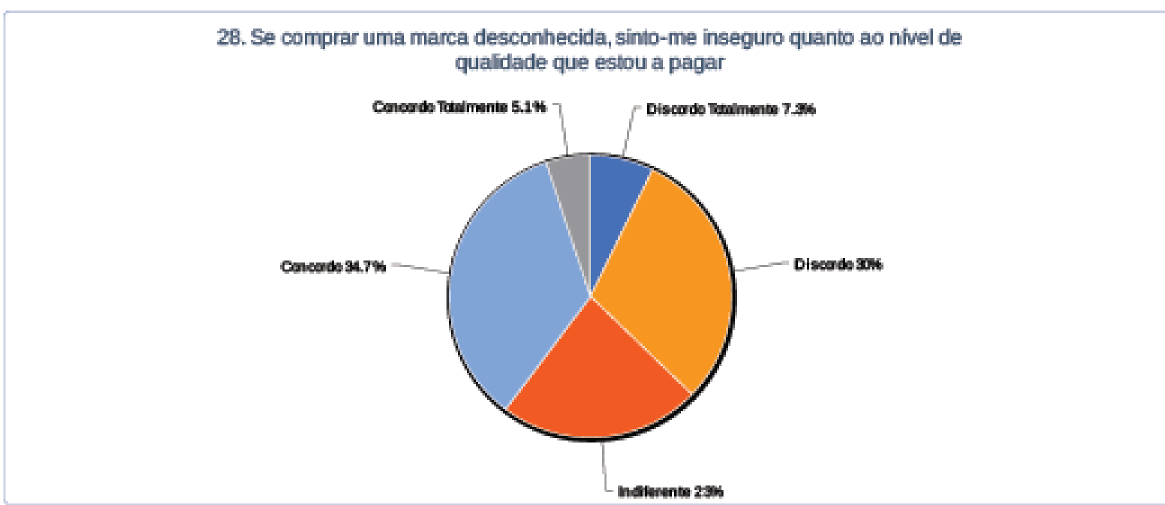
Discordo	7	2.2%
Indiferente	12	3.8%
Concordo	137	43.2%
Concordo Totalmente	161	50.8%



27. As minhas associações à marca LUSO estão somente ligadas à Água Mineral Natural

Value	Count	Percent %
Discordo Totalmente	7	2.2%
Discordo	76	24.0%
Indiferente	43	13.6%
Concordo	146	46.1%
Concordo Totalmente	45	14.2%

Statistics	
Total Responses	317



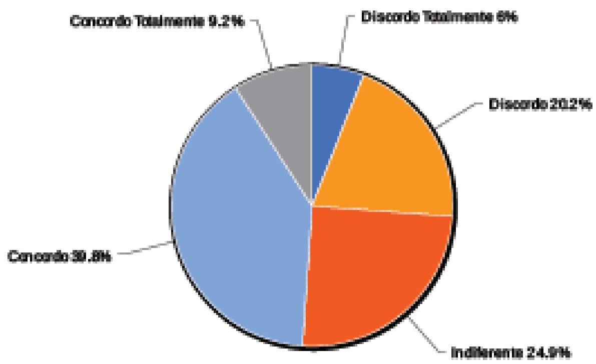
28. Se comprar uma marca desconhecida, sinto-me inseguro quanto ao nível de qualidade que

estou a pagar

Value	Count	Percent %
Discordo Totalmente	23	7.3%
Discordo	95	30.0%
Indiferente	73	23.0%
Concordo	110	34.7%
Concordo Totalmente	16	5.1%

Statistics	
Total Responses	317

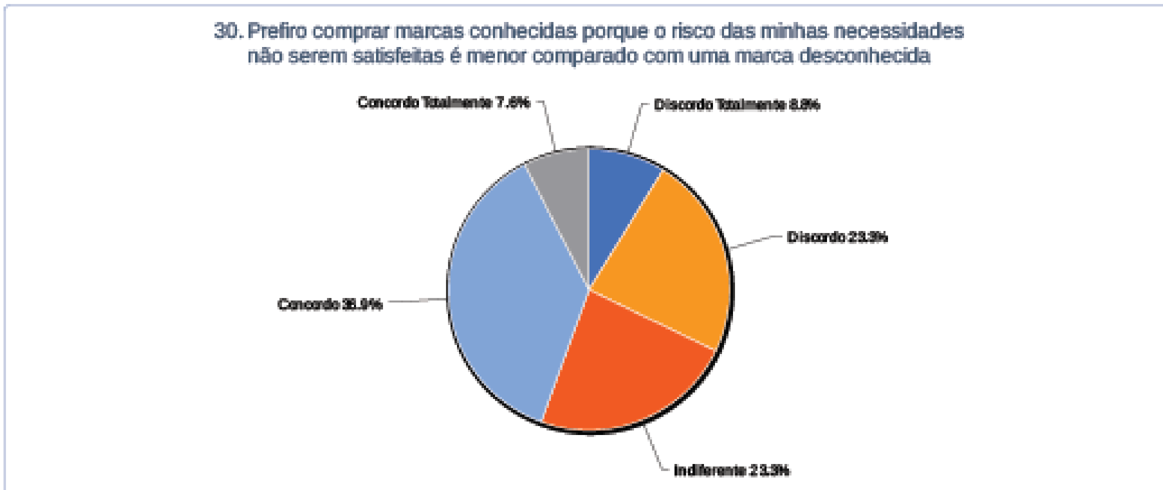
29. Prefiro comprar marcas conhecidas porque gosto de reconfirmar a sua qualidade



29. Prefiro comprar marcas conhecidas porque gosto de reconfirmar a sua qualidade

Value	Count	Percent %
Discordo Totalmente	19	6.0%
Discordo	64	20.2%
Indiferente	79	24.9%
Concordo	126	39.8%
Concordo Totalmente	29	9.2%

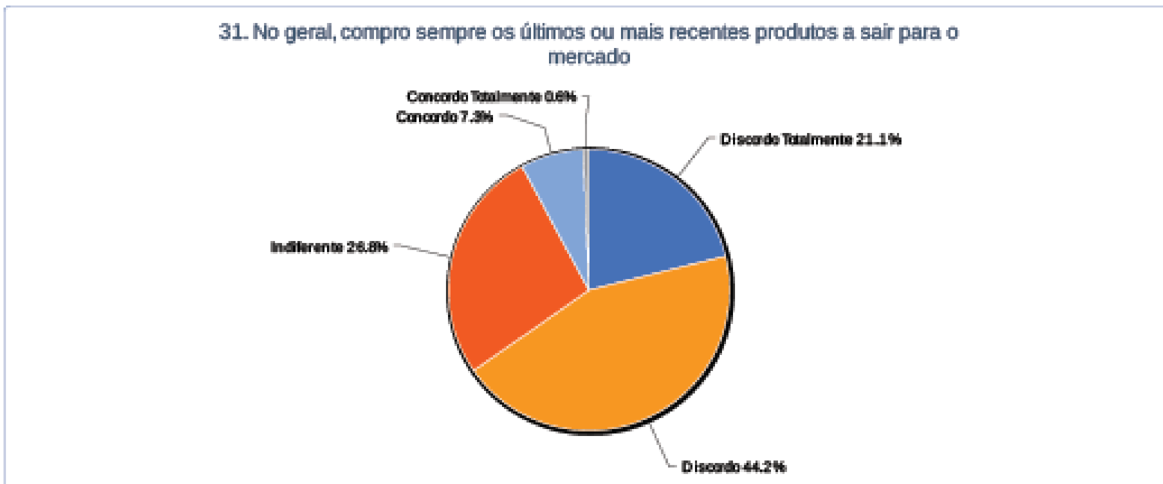
Statistics	
Total Responses	317



30. Prefiro comprar marcas conhecidas porque o risco das minhas necessidades não serem satisfeitas é menor comparado com uma marca desconhecida

Value	Count	Percent %
Discordo Totalmente	28	8.8%
Discordo	74	23.3%
Indiferente	74	23.3%
Concordo	117	36.9%
Concordo Totalmente	24	7.6%

Statistics	
Total Responses	317



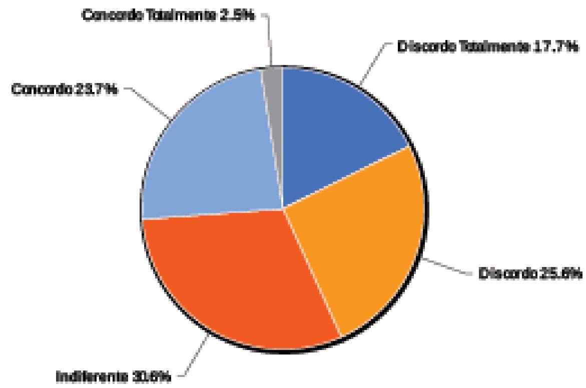
31. No geral, compro sempre os últimos ou mais recentes produtos a sair para o mercado

Value	Count	Percent %
Discordo Totalmente	67	21.1%
Discordo	140	44.2%
Indiferente	85	26.8%
Concordo	23	7.3%

Statistics	
Total Responses	317

Concordo Totalmente	2	0.6%

32. No geral, é empolgante ter os produtos mais recentes antes de qualquer outro os ter

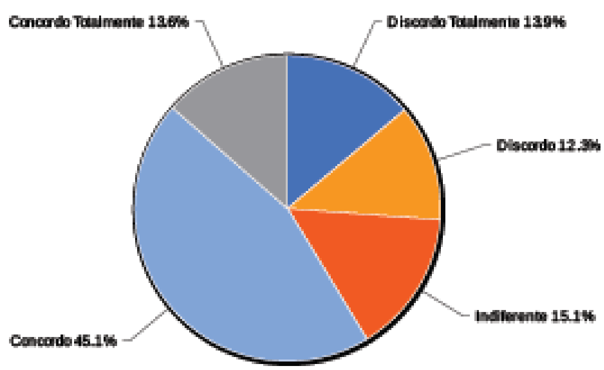


32. No geral, é empolgante ter os produtos mais recentes antes de qualquer outro os ter

Value	Count	Percent %
Discordo Totalmente	56	17.7%
Discordo	81	25.6%
Indiferente	97	30.6%
Concordo	75	23.7%
Concordo Totalmente	8	2.5%

Statistics	
Total Responses	317

33. a) Tenho o hábito de consumir chá frio

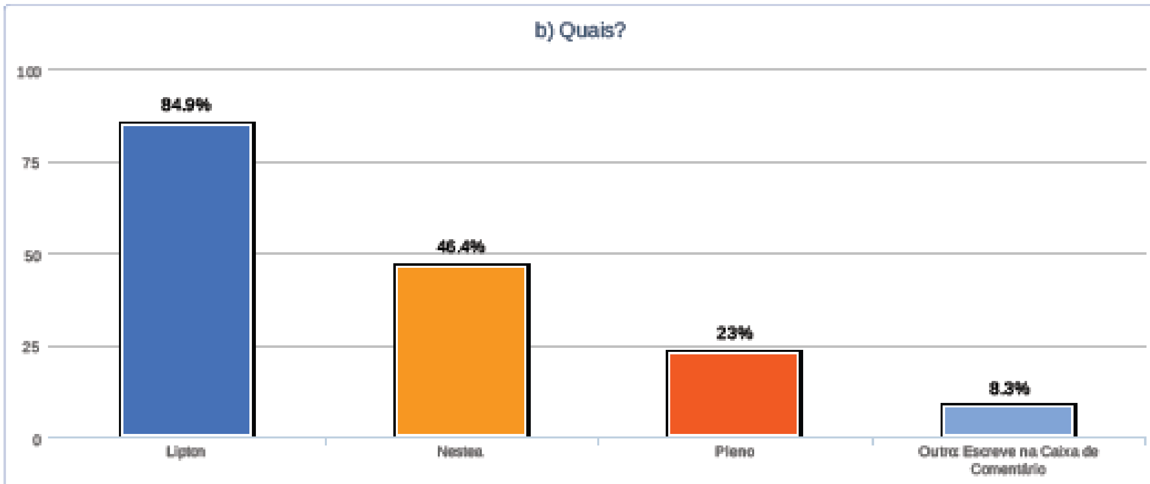


33. a) Tenho o hábito de consumir chá frio

Value	Count	Percent %
Discordo Totalmente	44	13.9%

Statistics	
Total Responses	317

Discordo	39	12.3%
Indiferente	48	15.1%
Concordo	143	45.1%
Concordo Totalmente	43	13.6%



b) Quais?

Value	Count	Percent %
Lipton	214	84.9%
Nestea	117	46.4%
Pleno	58	23.0%
Outro: Escreve na Caixa de Comentário	21	8.3%

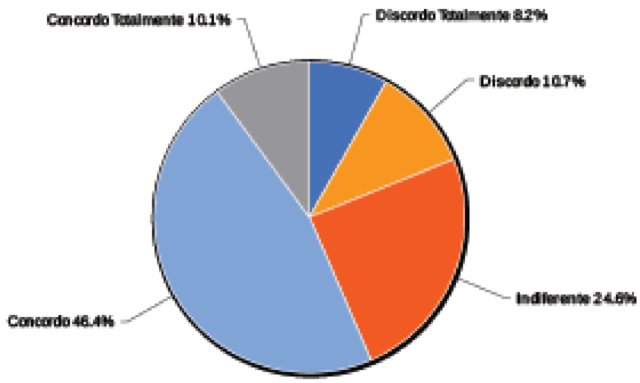
Statistics	
Total Responses	252

Comments

Count	Response
1	Caseiro
1	Chá feito com saquetas de pó e misturado em água, das mais diversas marcas
1	Chá/infusões que eu preparo.
1	Chás preparados no domicilio
1	Faço o meu próprio chá, mas prefiro ainda quente.
1	Feito em casa
1	Icetea
1	Marca Branca
1	Marcas LIDL e Continente
1	Mini-Preço
1	Naturalis
1	Não consumo chás frios.
1	Saquetas de chá de infusão em agua fria da Lipton
1	Saquetas de efusão de chá

2	marca branca
1	marcas brancas
1	nenhum
1	ninguem consome chá frio (deixei aqui só para frisar o comentário na 33a))
1	saquetas
1	tetley cold

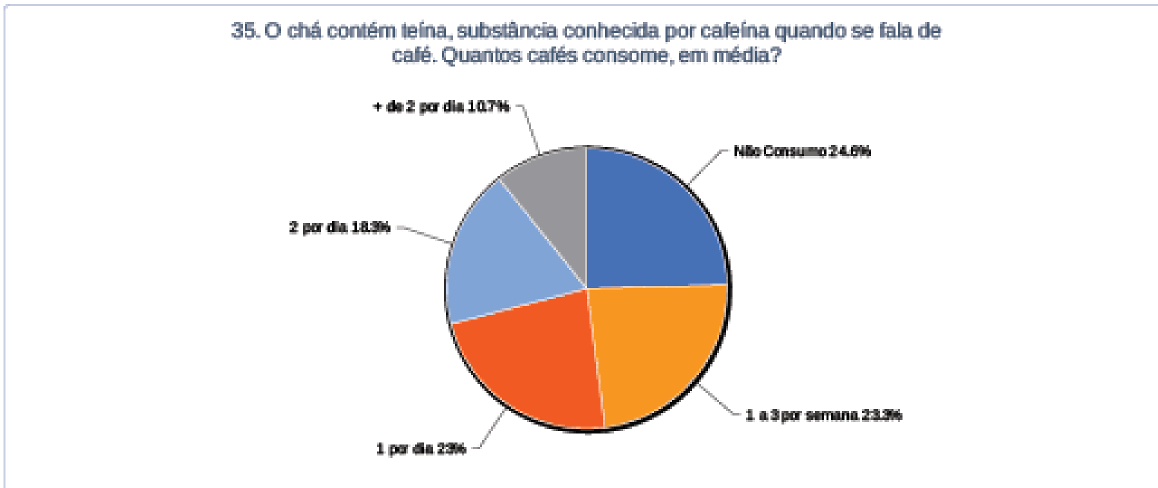
34. Se a LUSO lançasse um chá frio iria com certeza experimentar.



34. Se a LUSO lançasse um chá frio iria com certeza experimentar.

Value	Count	Percent %
Discordo Totalmente	26	8.2%
Discordo	34	10.7%
Indiferente	78	24.6%
Concordo	147	46.4%
Concordo Totalmente	32	10.1%

Statistics	
Total Responses	317



35. O chá contém teína, substância conhecida por cafeína quando se fala de café. Quantos cafés consome, em média?

Value	Count	Percent %
Não Consumo	78	24.6%
1 a 3 por semana	74	23.3%
1 por dia	73	23.0%
2 por dia	58	18.3%
+ de 2 por dia	34	10.7%

Statistics	
Total Responses	317
Sum	263.0
Avg.	1.3
StdDev	0.5
Max	2.0

FIGURE 16 – QUESTIONNAIRE MODEL

Measures

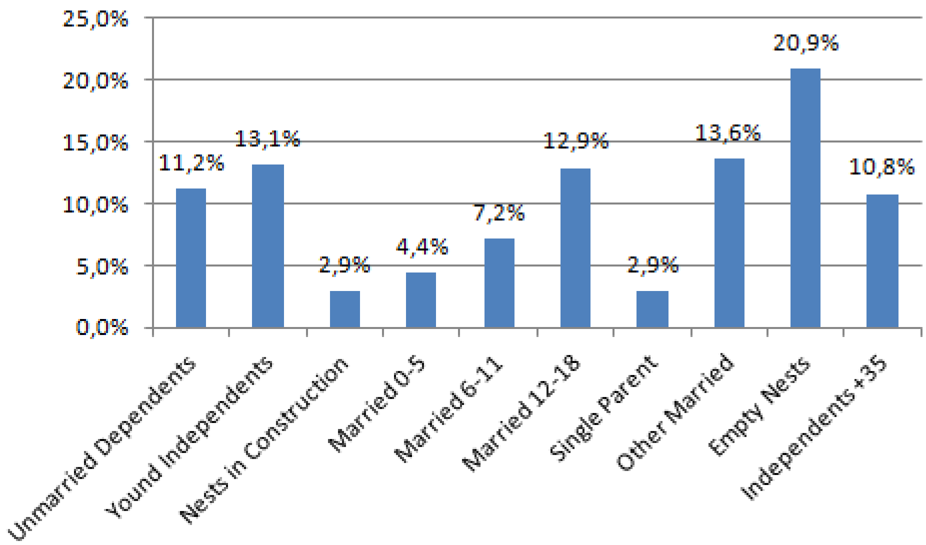
Success Factor/Item	Source
Quality of the Parent Brand	
Perceived overall quality of the flagship product (–3 = "inferior," and 3 = "superior") Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): [Brand name] offers high-quality products. The quality of [brand name] products is far above average.	Aaker and Keller (1990); Sheinin and Schmitt (1994)
History of Previous Brand Extensions	
Number of products affiliated with the brand (–3 = "very few products," and 3 = "a lot of products") Success of the products affiliated with the brand (–3 = "not at all successful," and 3 = "very successful") Degree of similarity between the products affiliated with the brand (–3 = "not very similar," and 3 = "very similar") Participants were instructed to answer questions about products previously introduced and not the new extension product. This clarified that the question referred to all products previously introduced under the brand name and not to the new extension product.	Dacin and Smith (1994); Keller and Aaker (1992a); Sheinin and Schmitt (1994)
Parent-Brand Conviction	
Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): In evaluating a new [product category] product, I could trust [brand name]. [Brand name] is a likeable brand. I relate to [brand name].	DelVecchio (2000); Kirmani, Sood, and Bridges (1999)
Parent-Brand Experience	
Frequency of using the parent brand (–3 = "not very often," and 3 = "very often") Frequency of purchasing the parent brand (–3 = "not very often," and 3 = "very often") Intention to buy the parent brand in the future (–3 = "not very likely," and 3 = "very likely")	Broniarczyk and Alba (1994); Swaminathan, Fox, and Reddy (2001)
Marketing Support	
Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): [Extension product] is well supported in terms of advertising. [Extension product] receives competent marketing support.	Nijssen (1999); Reddy, Holak, and Bhat (1994)

Retailer Acceptance	
Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): [Extension product] is well supported in terms of distribution. [Extension product] is available in many supermarkets.	Nijssen (1999)
Fit	
Global similarity between the parent brand and the extension product (–3 = "not very similar," and 3 = "very similar") Would the people, facilities, and skills used in making the original product be helpful if the manufacturer were to make the extension product? (–3 = "not at all helpful," and 3 = "very helpful") Extent to which parent-brand-specific associations are relevant in the extension category: Step 1: stating of brand associations; Step 2: relevance of these associations in the extension category (– 3 = "not at all relevant," and 3 = "very relevant").	Aaker and Keller (1990); Bottomley and Doyle (1996); Broniarczyk and Alba (1994)
Linkage of the Utility of the Parent Brand to Product Attributes of the Original Product Category	
Extent to which participants agreed/disagreed with the following statement (–3 = "strongly disagree," and 3 = "strongly agree"): [Brand name] is closely tied to the attributes of the original product category. My associations with [brand name] are closely tied to the attributes of the original product category.	Rangaswamy, Burke, and Oliva (1993)
Perceived Risk of Unknown Brands	
Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): If I buy an unknown brand, I would feel very uncertain of the level of quality that I am getting. I prefer buying a well-known brand, because I need the reassurance of an established brand name. I prefer buying a well-known brand, because the risk that my needs will not be met is low compared with an unknown brand.	DelVecchio (2000)
Innovativeness	
Extent to which participants agreed/disagreed with the following statements (–3 = "strongly disagree," and 3 = "strongly agree"): Overall, I enjoy buying the latest products. I like to purchase new products before others do. Overall, it is exciting to buy the latest products.	Hem, Chernatony, and Iversen (2001); Klink and Smith (2001); Midgley and Dowling (1978)

Source: (Volckner & Sattler, 2006)

Appendix X - Segmentation, Target and Positioning

Chart 41 – Ice tea consumption segments



Source: Adapted from (Marktest Consulting, 2012)

Segmentation

<u>Segment 1 – Dependent Singles</u>

Demographic - Yong people from 15 to 24 years old, students, mainly lives in the Northern Coast and Interior regions in middle/middle low class homes.

Lifestyle – They differentiate themselves from the average by being fast food restaurants, discos, cinema and gym frequent goers and by using denim clothes and sport shoes. They normally don't have license or drive a car but have intentions to do it in a near future.

Consumption Behavior – In the global consumption (food) habits they stand out, being the main consumers of milk, cereals and prepared meals, but also having an above average consumption of chewing gums and candies. According to alcoholic beverages they have the highest consumption of Vodka and also consume Gin and Rum above the average. In non-alcoholic they register a higher consumption and affinity with Ice Tea and energetic beverages. Finally, regarding personal hygiene they the highest rates of oral hygiene and stand out in lotions, creams and face gels.

This segment has, from far, the highest new technologies, computer and internet use affinity. The internet access from mobile phone, use of instant messaging services, blogs queries and movies, music and games downloads are 3 times higher than the average.

About media consumption they are the highest audience in Juvenile titles, Environment, Scientific Disclosure and Culture/Show. In radio audiences they stand out from the average mainly in the evening schedules.

Segment 2 – Independent Young

Demographic – Young people from 15 to 35 years old, actives occupying skilled labors and middle and senior management of companies, mainly living in Great Lisbon and Northern Interior regions in middle/middle low class homes.

Lifestyle – They differentiate themselves from the average by being fast food restaurants, discos, cinema and gym frequent goers; by using denim clothes, sport shoes, books and ordering meals to the household. They have driving license and drive frequently an own car. This segment has also the highest percentage of smokers.

Consumption Behavior - In the global consumption (food) habits they stand out, being the main consumers of chocolate and yogurts. According to alcoholic beverages they have a high consumption of Pre-prepared ones and Liquors. In non-alcoholic they register a higher consumption and affinity with Sodas (2nd Ice Tea main consumers) and energetic beverages. Finally, regarding personal hygiene they the highest rates of oral hygiene.

This segment uses Internet a lot, being the one that read most Online News, that most use Trade Services as online auctions, and also that most search for Job Advertisements.

About media consumption they stand out in Culture/Show Titles. In radio audiences they have the highest audience rate.

Segment 3 – Married with Kids aged from 12-18

Demographic – Married individuals, residing in homes where the oldest young are aged between 12-18. Mainly from 35 to 44 years old, actives occupying skilled workers professions or employed in trade, services and administrative, belong to middle low class.

Lifestyle - They differentiate themselves from the average by using sport shoes, being bricolage lovers and having interest in kid's toys. They have driving license and drive frequently an own car.

Buying Behavior - In the global consumption (food) habits they stand out in crackers, cheese, pastries, sausages and pasta. According to beverages they have a high consumption of Non-Alcoholic Beer and Champagne. Finally, regarding personal hygiene they the highest rates in after shaves/toilet water, blades or shaving machines (by males) and face lotions and hair paints (by female).

This segment don't use Internet a lot, just stand out in Online Advertisements placing.

About media consumption they have an audience above the average, generally, in Press and Radio.

Segment 4 – Other Married

Demographic – Married Individuals, residing in homes with more than 2 persons. Have more than 55 years old and are, in majority, retired, pensioner or unemployed. Belong to the middle low/low classes.

Lifestyle – They don't differentiate themselves from the average of the universe, except in the younger habits where they bellow the average.

Consumption Behavior - In the global consumption (food) habits they stand out, being the main consumers of rusks, frozen fish or seafood, chicken broth, meat, fish, vegetables and rice. According to alcoholic beverages they have a high consumption of Oporto Wine and

Brandy/Cognac. Finally, regarding personal hygiene they the highest rates of intimate disinfectants, hand lotions or creams (females).

Regarding the Internet use this segment is clearly below the average.

About media consumption they tend to have audience rates below the average.

Segment 5 – Empty Nests

Demographic – Married Individuals, residing in homes with 2 persons. Have more than 64 years old and are, in majority, retired, pensioner, unemployed or housemaid. Belong, in majority, to the low classes.

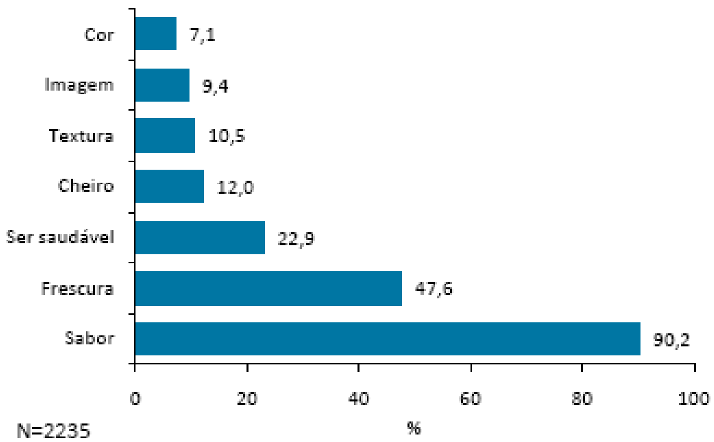
Lifestyle – They don't differentiate themselves from the average of the universe, except in the use of graduated glasses. They have driving license and drive frequently an own car.

Consumption Behavior - In the global consumption habits they stand out, being the main consumers of bottled wine, detergents for washing dishes by hand, insecticides, soaps and medicines for stomach indigestion or acidity.

They don't use Internet or even Computer.

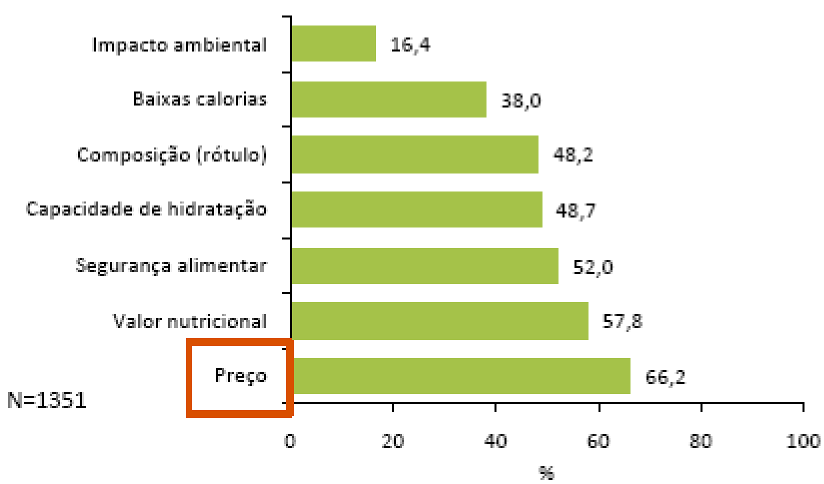
About media consumption they have audience rates below the average, except when is listening to radio inside home, having the highest rate.

CHART 42 – BEVERAGES PLEASURE CHOICE FACTORS



Source: (Santos & Loff, Estudo da influência das motivações de consumo no aporte hídrico dos Portugueses, 2010)

CHART 43 – BEVERAGES RATIONAL CHOICE FACTORS



Source: (Santos & Loff, Estudo da influência das motivações de consumo no aporte hídrico dos Portugueses, 2010)

TARGET

Our Target will be:

- Portuguese population aged 15 to 34 years old ≈ 2,5M (PORDATA, 2012)
- Segment actual Ice Tea consumers = 73% - Average between Segment 1 and 2 (Appendix VII – Chart 25)
- People with high health and hydration concerns – Health (70,6%), Hydration (42,8%) (Santos & Loff, Estudo da influência das motivações de consumo no aporte hídrico dos Portugueses, 2010)

Target size (T.S.): we will just consider people with high hydration concerns due to the brand and product concept strong link with hydration benefits.

T.S.= 2.500.000 * 73% * 42,8% ≈ 800.000

Potential Consumers Reached by Communication Actions:

- Portuguese Population aged up to 15 years old ≈ 9M ((PORDATA, 2012)
- Segment actual Ice Tea Consumers – 66% (Marques, 2009)
- People with high hydration concerns – 42,8% (Santos & Loff, Estudo da influência das motivações de consumo no aporte hídrico dos Portugueses, 2010)

Potential Consumers Group Size = 9M * 66% * 42,8% ≈ 2,5M

APPENDIX XI – PRODUCT

RECOMMENDED DAILY TEA INTAKE

As tea consumption have to be moderated due to the presence of substances as theine the author made some calculations to find the recommended daily tea intake.

According to IHS (2008) responsible organizations found that normal theine consumption produces any health risk, being the moderate caffeine consumption safe (about 300 mg per day). As we can see in the next table Lipton Ice Tea has 80 mg of theine per 1 Lt, so Luso

Tea formula will have (similar to ½ of Express Coffee), being far from the moderate consumption of 300mg per day.

TABLE 12 - AMOUNTS OF CAFFEINE IN SOME BEVERAGES

Nome	ml	Cafeina (mg)	mg / 100ml
Celsius	355	200	56
Coca-Cola Classic	355	34.5	10
Coca-Cola Zero	355	34.5	10
Café (de Cafeteira)	237	107.5	45
Café (Descafeinado, de Cafeteira)	237	5.6	2
Café (Descafeinado, Instantâneo)	237	2.5	1
Café (Expresso)	44	77	175
Café (Instantâneo)	237	57	24
Diet Coke	355	45	13
Diet Pepsi	355	36	10
Diet Pepsi Max	355	69	19
Lipton Iced Teas	591	50	8
Nestea Iced Tea	473	34	7
Nestea Green Tea de Pêssego	591	42.4	7
Nestea Iced Tea de Limão	591	27.5	5
Pepsi-Cola	355	38	11
Chá (Verde)	237	25	11
Chá (Gelado)	237	47	20

Source: (IHS, 2008)

The author considered that it should be done more research in this theme to ensure consumers healthy safety, so according to (Alves, 2009) the average tea daily intake should be between 2 and 3 cups (0,4 to 0,6 Lt). Assuming an average value of 0,5 Lt per day, and Luso Tea constitution composed by 50% of tea and 50% of fruit natural juice, we achieve the Luso Tea recommended intake of 1 Lt per day as only 50% is pure tea (0,5 Lt).

APPENDIX XII – PLACEMENT

FIGURE 9 – PAYMENT POINT PLACEMENT

Source: (Jornal Bandeirantes News, 2011)

APPENDIX XIII - PROMOTION

TABLE 16 – TV ADVERTISEMENT CAMPAIGN

TV Channels	Main Audience	Advertisement Placement (Highest Share Moment)
RTP	Older segments	Before, during and after football games
SIC	Mature segments	Before, during and after football games and TV newscast
TVI	Mature segments	Before, during and after football games, TV newscast and novel.
Documentary Channels*1	Young Adults	Evening Advertising time
Entertaining Channels*2	Younger and Older segments	Evening Advertising time
Movies and Series Channels*3	Young Adults	Evening Advertising time

Source: Adapted from (Marktest, 2009)

***1 – Includes**: Odyssey, Discovery, History, National Geographic, Biography Channel, Discovery Turbo, Discovery Science, Discovery Civilization e Travel Channel

***2 – Includes**: People+Arts, SIC Mulher, SIC Radical, RTP Memória, E! Entertainment and MVM

***3 – Includes**: Hollywood, AXN, Fox, Fox Life, Fox Crime, FX, TVCINE1, TVCINE2, TVCINE3, TVCINE4, MOV and Sony Entertainment Television

TABLE 17 – RADIO ADVERTISEMENT CAMPAIGN

Radios	Main Audience
Mega FM	Younger segments (18-34) from Great Lisbon, students, Class A audience much above the average.
Rádio Comercial	Younger segments (18-34) from all country, Middle/High management occupations, Class A audience above the average.
Best Rock FM	Younger segments (18-34) from Great Oporto, students, Class A and B audience above the average.
M80	Matures segments (25-44) from Great Lisbon and Oporto, Middle/High management occupations, Class A audience much above the average.
Antena 3	Younger segments (18-34) from all country, Middle/High management occupations, Class A audience much above the average.

Source: Adapted from (Marktest, 2009)

TABLE 18 – PRESS ADVERTISEMENT CAMPAIGN

Press Type	Name	Main Readers
Sport	A Bola Record	Males from younger segments (15-34) from all country, qualified occupations.
Vehicles	Auto Sport Auto Hoje	Males from mature segments (25-44) from all the country, qualified occupations, Class A and B readers above the average.
Culture and Show	Blitz	Younger segments (18-34) from all country, students, Class A and B readers above the average.
Economic and	Diário Económico	Mature segments (25-54) from Great Lisbon,

Management daily newspapers	Jornal de Negócios	Middle/High management occupations, Class A readers much above the average.
Monthly Women/Fashion Magazines	Maria Telenovelas	Females from younger segments (18-34) from all country, Middle/High management occupations, Class A audience much above the average.
General Information daily newspapers	Correio da Manhã Jornal de Notícias	Mature segments (25-44) from all the country.
General Information weekly newspapers	Visão Sábado	Mature segments (25-54) from Great Lisbon, Middle/High management occupations, Class A readers much above the average.
Men Magazines	Men's Health	Males from younger segments (18-34) from all country.
Health & Education Publications	Farmácia Saúde Saber Viver Saúde e Bem Estar	Females from mature segments (25-54) from Great Lisbon, qualified occupations, Class A and B readers above the average.
Society Magazines	Caras Lux Nova Gente	Females from mature segments (25-44) from Great Lisbon, qualified occupations, Class A and B readers above the average.

Source: Adapted from (Marktest, 2009)

FIGURE 10 – UNIVERSITIES SAMPLING DISTRIBUTION

Source: (Redbull, 2012)

FIGURE 11 – BUSINESS CENTERS SAMPLING DISTRIBUTION

Source: (executional, 2013)

FIGURE 12 – HIPERS SAMPLING DISTRIBUTION

Source: (Infinitopromo, 2010)

FIGURE 13 – GYM'S SAMPLING DISTRIBUTION

Source: (skaevents, 2013)

FIGURE 14 – BEACH SAMPLING DISTRIBUTION

Source: (Naturalis, 2013)

FIGURE 15 – LUSO FRUTA PUBLIC RELATIONS EVENT

Source: (Água de Luso, 2012)