



Master of Science in Business Administration

Luso Tea Case Study:

A natural brand extension in the ice-tea category

Bárbara Ferreira da Costa

Student number: 152113095

Advisor: Professor Pedro Celeste

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Abstract

Dissertation title: “Luso Tea case study: a natural brand extension in the ice-tea category”

Author: Bárbara Ferreira da Costa

The focus of this dissertation is to understand and assess the Luso brand extension Luso Tea by analyzing the reasons behind it, the process that led to the launch, the desired positioning and the according consumers’ perceptions regarding the brand.

Luso is a company of Portuguese origins owned by Sociedade Central das Cervejas e Bebidas, the Portuguese Op-co from the Heineken Group. With over 160 years of existence, Luso is known for its homonymous natural mineral water, still-water brand leader in Portugal. However, this market was facing challenges and profitability was decreasing to concerning levels. The company decided to venture into new, more profitable categories, which would allow leveraging the awareness and expertise of the Luso brand. The decision was made to launch Luso Tea, an ice-tea made with Luso water and with a more natural and healthy positioning when compared to other ice-teas, allowing the company the opportunity to enter the soft-drinks market. The product was launched in April 2014, starting the brand’s journey into new categories.

The research methods chosen include a Literature Review to collect important theoretical concepts for the study, a Case Study with Teaching Note for in-class discussion and a Market Research, consisting of an in-depth interview to understand the company’s side of this brand extension process and an exploratory market visit and online Survey to gather the reactions and opinions of the consumers.

The main conclusions reached were that Luso launched the brand extension Luso Tea in order to apply the brand’s expertise and strength to enter more profitable, but still closely fit categories. Luso Tea seems to be well received and perceived in line with the desired positioning, but established ice-tea brands are not allowing great sales. Additionally, the company should consider including Stevia, the natural sweetener used in the formulation of Luso Tea in the future communication, as this shows to have a positive effect on the consumer perception of flavor and quality of ingredients.

Resumo

Título da dissertação: “Luso Tea case study: a natural brand extension in the ice-tea category”

Autora: Bárbara Ferreira da Costa

O foco desta dissertação é perceber e avaliar a extensão de marca da Luso, Luso Tea, analisando as razões por detrás desta decisão, o processo de lançamento, o posicionamento desejado e as percepções do consumidor da marca.

Luso é uma marca de origem Portuguesa, detida pela Sociedade Central das Cervejas e Bebidas, sucursal portuguesa do grupo Heineken. Com mais de 160 anos de existência, a Luso é conhecida pela sua água mineral natural homónima, líder de mercado em Portugal. Contudo, a categoria enfrentava desafios e o lucro descia para níveis alarmantes. A empresa decidiu aventurar-se em novas categorias mais rentáveis, que permitissem potenciar o reconhecimento e experiência da marca Luso. Foi tomada a decisão de lançar Luso Tea, o ice-tea feito com água do Luso e com um posicionamento mais natural e saudável comparado com outros ice-teas, permitindo à empresa a entrada no mercado dos refrigerantes. O produto foi lançado em Abril de 2014, iniciando assim o processo de expansão da marca para novas categorias.

Os métodos de pesquisa incluem uma Revisão de Literatura para recolher conceitos teóricos importantes para o estudo, um Caso académico e respectiva Nota de Ensino, Pesquisa de Mercado, consistindo numa entrevista detalhada para perceber o lado da empresa neste processo de extensão de marca e numa visita exploratória ao mercado e Inquérito online para recolher as opiniões e reacções dos consumidores.

Concluindo, a Luso lançou a sua extensão de marca, Luso Tea, usando a sua experiência e força para entrar numa categoria mais rentável mas ao mesmo tempo semelhante à então actual categoria da marca. Luso Tea parece ter sido bem recebida e compreendida de acordo com o posicionamento desejado, mas as marcas já reconhecidas de ice-teas não permitem valores muito favoráveis de vendas. Adicionalmente, a empresa devia considerar incluir Stevia, o adoçante natural usado em Luso Tea, na comunicação futura, pois este conhecimento mostra ter um efeito positivo na percepção do consumidor no sabor e qualidade dos ingredientes.

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Table of contents

Abstract.....	i
Resumo	ii
Acknowledgements	iii
1. Introduction	3
1.1. Research Problem	3
1.2. Key Research Questions	3
1.3. Methodology	4
2. Literature Review	5
2.1. Positioning and brand associations of FMCG	5
2.2. Brand extension in the FMCG industry	6
2.2.1. Drivers of brand extension success in low involvement categories	8
2.2.2. Brand image feedback effects.....	9
2.2.3. Brand extension naming strategies	10
3. Case Study – Luso Tea: the healthier ice-tea	11
3.1. Sociedade da Água do Luso Background	11
3.2. Sociedade Central de Cervejas e Bebidas	12
3.3. The soft-drinks market.....	13
3.3.1. Ice-teas.....	14
3.3.2. Major players in the ice-tea market	14
3.3.3. Consumers and consumption habits	15
3.3.4. Consumer perceptions	16
3.4. Changing consumers, changing market	17
3.4.1. Healthy lifestyle.....	17
3.4.2. Know the source of your food	17
3.4.3. Functional soft-drinks.....	18
3.5. Luso Tea: the ice-tea made with Luso water	18
3.6. Product decisions	19
3.6.1. Product positioning.....	19
3.6.2. Target consumers.....	19
3.6.3. Choosing the name	20
3.6.4. Choosing the flavors.....	20

3.6.5.	Choosing the right packaging	21
3.6.6.	The communication strategy	22
3.7.	Launch and first results	24
3.8.	Challenges for the brand and the future	25
4.	Market Research.....	26
4.1.	In-depth Interview.....	26
4.2.	Visit to the market (On-trade channel)	26
4.3.	Online Survey	27
4.3.1.	Survey Purpose	27
4.3.2.	Sample	28
4.3.3.	Luso tea brand awareness	29
4.3.4.	Flavor evaluation	30
4.3.5.	Comparison with other ice-tea brands	31
4.3.6.	Perceptual map positioning	32
4.3.7.	Stevia	34
5.	Conclusion.....	35
6.	Exhibits.....	41
6.1.	Case exhibits	41
6.2.	Market Research Exhibits	47
7.	Limitations and Future Research.....	54
8.	Teaching Note	55
8.1.	Synopsis	55
8.2.	Target Audience and Teaching Objectives	55
8.3.	Teaching Plan	56
9.	References	62
Academic articles	62	
Other sources.....	63	
10.	Appendix	65

1. Introduction

Luso is a company of Portuguese origins owned by Sociedade Central das Cervejas e Bebidas, the Portuguese Op-co from the Heineken Group. With over 160 years of existence, Luso is known for its homonymous natural mineral water, being the owned-brand still-water leader in Portugal. However, the still-water market was facing challenges (2013) and profitability was decreasing to concerning levels. With this in mind, the company decided to venture into new, more profitable categories, which would allow leveraging the awareness and expertise of the Luso brand.

The decision was made to launch Luso Tea, an ice-tea made with Luso water and with a more natural and healthy positioning when compared to other ice-teas, allowing the company the opportunity to enter the soft-drinks market. The product was launched in April 2014, starting the brand's journey into new categories.

1.1. Research Problem

To understand and assess the Luso brand extension Luso Tea by analyzing the reasons behind it, the process that lead to the launch, the desired positioning and the according consumers' perceptions regarding the brand.

1.2. Key Research Questions

RQ1: What were the reasons behind the decision to extend the Luso brand into the soft-drinks category?

Luso was still-water a brand, therefore it is interesting to understand the reasons that led to the extension to new categories.

RQ2: What is the desired brand positioning of Luso Tea?

Launching a new brand involves selecting the desired brand associations and what the points of parity and differentiation of the brand versus the established brands in the category. Therefore it is important to understand the desired positioning.

RQ3: Does the desired positioning match the consumers' perceptions of Luso Tea? How do consumers perceive Luso Tea when compared with other ice-teas? Are there relevant differences between the main target's perceptions and the rest of the consumers?

As important as defining the right desired positioning is making sure that this positioning clearly reaches the consumer and that it matches the associations in the consumer's mind. This match is often a driver of success and its understanding is important to adjust the future communication of the brand.

RQ4: What were the communication and promotional strategies for the launch of Luso Tea? Should the communication include other differentiating factors of the brand?

The brand communication is the main source of the associations for the consumer, therefore it is important to understand the strategy implemented and the intended messages. For Luso Tea the use of Stevia was not communicated, even though this allows a more natural and less caloric formulation, making it interesting to understand if consumers are ready to assimilate this message.

1.3. Methodology

To answer the research questions, primary market research was developed. Both quantitative and qualitative research was conducted, with different purposes.

The quantitative research included an in-depth interview with Silvia Rebelo, Luso soft-drinks brand and innovation manager and an exploratory visit to the on-trade channel. The interview was open-ended, with the purpose of understanding in detail the launch process (Appendix 1). The exploratory visit allowed the opportunity to get interesting insights from the clients and final consumers on a real-life environment and to collect relevant research variables for the qualitative part of the research (Appendix 2).

With the information from the interview and the visit, a survey was developed (Appendix 3) and distributed online through qualtrics. This questionnaire was needed to generalize the results of the analysis. The survey was distributed online to make the distribution easier and increase the responses, and to guarantee the confidentiality of the responses. To analyze the 210 valid responses, the SPSS statistical software was used.

Secondary data was also used, for the Literature Review, from scientific and academic articles, to provide theoretical insights relevant for the writing of the dissertation and to complement the Teaching Note. Other information from the company's previous studies and insights as well as external information from several sources was used for the development of the Case Study.

2. Literature Review

The purpose of this chapter is to collect and analyze relevant information from articles related to the topics of positioning and brand extension. There was a lack of articles specific for soft-drinks, so it was alternatively based on articles addressing fast moving consumer goods (FMCG) or low involvement and risk categories.

2.1. Positioning and brand associations of FMCG

Positioning strategy was first discussed by Porter back in 1980 with the three generic strategy options: cost leadership, differentiation and focus. This first model presented the positioning strategy as the different ways an organization can reach its customers compared to the competitors (Porter, 1980). Since then, the positioning strategy has suffered many changes, influenced by the growing competition among companies and the growing focus on traits of the market, the consumer and of the product (Shakhshir, 2014). The author summarizes the different positioning strategies developed to date: “On one hand Kotler, Michael Treace and Fred Wiersema, Bowman have adopted product oriented positioning strategies. Kotler followed a product and attributes strategy orientation. Michael Treace and Fred Wiersema (1993) proposed the three value disciplines and Bowman suggested the value strategy clock. On the other hand Boyd, Blankson and Kalafatis, Ries and Trout adopted a market segmentation strategy, based on the products positioning compared to the competition”. A more recent definition for positioning is: “arrangements for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers, relative to competing products in the market” and these arrangements prove to be very important for setting the perceptions regarding the brand and product but also to create a clear statement of the brand useful for external stakeholders, other than consumers, like for instance advertising agencies, helping to better define the communication strategy as well (Šliburytė and Ostasevičiūtė, 2008).

An intrinsic part of brand positioning is the group of intended brand associations that managers avidly try to anchor in consumer’s minds. This associations are believed to be strongly and directly related to consumer brand associations and brand equity. The brand-hijacking theory questions the power of managers to imprint this set of associations in the consumer’s mind, defending that consumers may take over a brand and drive its evolution (Wipperfurth, 2005). Koll, Oliver, and Wallpach support this

theory, proving that “brand association match is not necessary to establish positive brand response” and what matters is if consumers have positive associations to the brand and not that these associations fit the desired associations. Striving for the match of the associations is still important as despite not necessarily driving positive associations it does reduce the chance of negative response. Also, enhancing the number and favorability of the associations is key to driving response, despite the managerial intention behind these associations.

For soft-drinks, packaging has an important role in the positioning of a brand. Visual attributes related to color are in fact the easiest to interpret when buying food and are an important aid in judging the product. Typographic variables are not so relevant for being more difficult to distinguish and therefore to associate with different positioning strategies. “These conclusions reinforce the idea of the essential role that packaging plays when it comes to configuring the positioning of a food product.” (Vila and Ampuero, 2007)

2.2. Brand extension in the FMCG industry

In general, it is assumed that brands that are already known and recognized require lower new product introduction expenses, such as advertising, trade deals, or price promotions (Collins-Dodd and Louviere 1999; Tauber 1988 cited in Völckner and Sattler 2006). Blichfeldt, states that “most manufacturers of consumer nondurables (FMCG) rely on strong brands to increase retailers’ and consumers’ acceptance of new products. As a result, they introduce most new products by means of well-established brands in order to increase success rates. Thus, most FMCG product launches qualify as brand or line extensions”. The author defines line extensions as the launch of new products in categories already affiliated with the brand, whereas brand extension corresponds to the launch of new products within categories beyond the scope of the brand’s product portfolio”. Despite these apparent benefits of using an existent brand as an umbrella for new product launch, Blichfeldt warns for the danger of thinking in terms of the product development and ignoring the brand side, therefore neglecting “the managerial implications of products being developed and subsequently launched as part of established brands” (Blichfeldt, 2005).

Rahman, and Areni formulated a framework for branding new products by opting for one of three alternative strategies: (1) combining a parent brand with a generic sub-brand that is little more than a product category identifier (eg. Diet Coke); (2) combining a parent brand with a genuine sub-brand that creates associations unique to the new product (eg. Coke Zero – zero calories); and (3) developing a completely new brand with no reference to the parent brand. The author defends that the right choice depends on the fit between the new product category and the parent brand existing product categories and on the congruity of positioning strategy of the new product with the current positioning of the parent brand.

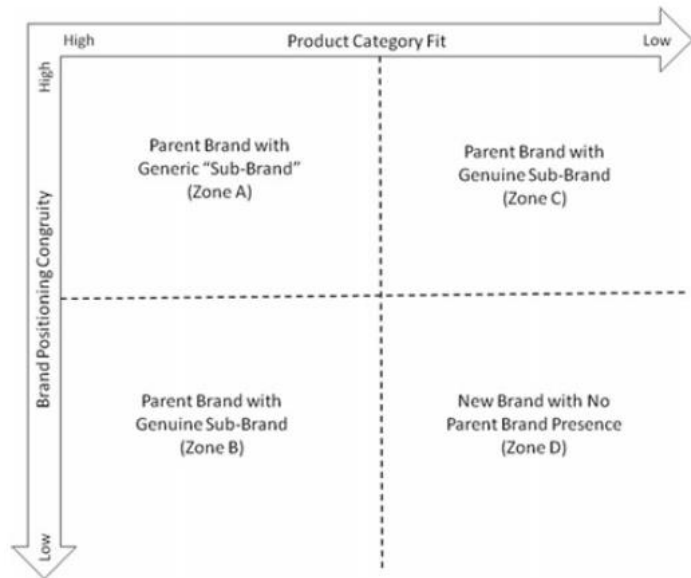


Figure 1 - Framework for branding new products, Rahman and Areni, 2014

(Rahman and Areni, 2014)

The authors defend that brand extensions should not be carried when both product category fit and brand positioning congruity are low, where companies should opt for the launch of a distinct brand.

Meyvis and Janiszewski studied the benefits of being a broad versus a narrow brand. A broad brand is a brand that has a diverse product portfolio, with sub-brands inserted in several distinct product categories. In contrast, a narrow brand is one with a portfolio of similar products. Broad brands have the advantage of not having strong category associations that can interfere with the new products and consumers judge the brand as a whole. If the brand associations are desirable for the product category, the customers will choose a broad brand due to its more accessible (informational) benefit associations. As consumers tend to evaluate extensions based on the most diagnostic and accessible brand associations, broad brands may have an advantage. However, broad brands have their setbacks: due to its diversity of products a broad brand is less coherent and expectable, for which consumers are less likely to generalize benefits associated with the brand. Another problem of broad brands is the rarely possible task

of constructing an exclusive set of overlapping associations that reinforce the brand's positioning. Therefore, the associations not related to the brand's core benefit not only don't support the brand benefit but also may represent the risk of interfering with it (Meyvis and Janiszewski, 2004). The benefits of using the brand extension strategy are also demined by Heilman et al. that defend that under low involvement conditions, perceived risk tends to be lower, and consumer willingness to try lesser-known brands may be higher, decreasing the need of a parent brand (Heilman et al. 2000).

2.2.1. Drivers of extension success in low involvement categories

Taylor 2005 states that one in two extensions fail; it is therefore important to understand the success drivers of brand extensions.

Völckner and Sattler analyze 10 different characteristics, of which 5 showed significance: "Fit between the parent brand and the extension product, marketing support, parent-brand conviction, retailer acceptance, and parent-brand experience were particularly major contributors in driving brand extension success" (Völckner and Sattler, 2006). Milberg et al. 2013 support that brand fit and additionally parent brand quality influence brand extension success, but that these are not the determining influencers in a competitive setting. Instead, with competition, parent brand familiarity in the category may be more diagnostic of the extension's success. In fact, when competitors are relatively unknown in a category, extensions become riskier independently of fit and brand quality (Milberg et al. 2010). Moreover, even though these three variables affect extension evaluation, only parent brand familiarity has effect on extension choice. The authors further elaborate that though there is the possibility of extending brands to product categories with far fit it may need additional marketing strategies like promotions, to reduce risk. Géraldine and Donthu reflect on the effect of central and peripheral brand associations, claiming that the evaluation of the extension is only negatively associated if the extension is inconsistent with the central associations of the parent brand, and not with the peripheral (Géraldine and Donthu 2014).

Riediger, Ringle, and Sattler, claim that fit and availability not only affect the success of the extension as also allow the organization to impose a price premium (even though the effect is stronger for high risk categories) (Riediger, Ringle, and Sattler 2010). This is partially in accordance with the findings of DelVecchio and Smith that fit could lead to

a price premium in the extension only in categories of high financial or social risk (DelVecchio and Smith 2005).

Spiggle et al. study the effect of brand authenticity. An extension is authentic “when it preserves and sustains the uniqueness, originality, heritage, values, and essence of the parent brand”. “Authenticity conveys legitimacy to the extension, validating its claims as a rightful heir of the parent brand” and “concentrates, rather than dilutes, the meanings, core, and essence of the parent brand”. The conclusion is reached that even though authenticity seems to have a relevant effect on the success of the extension, it is much less evident for functional brands, for which relevance and similarity play a bigger role (Spiggle et al. 2012).

Kyeongheui, Park, and Kim, add a new success driver, by analyzing brand relationship quality (BRQ). They conclude that BRQ has a positive effect on extension evaluation when there is a small fit or attribute incongruence between extension and parent brand, defending that strong BRQ individuals trust the brand to be able to pull off a product far from the parent brand (Kyeongheui, Park, and Kim 2014).

Finally, Dens and De Pelsmacker, argue that the extension advertisements have a far more relevant effect on the evaluation of the extension than parent brand quality and fit, especially for low involvement categories and when the ad is informative of the extension (Dens and De Pelsmacker 2010).

2.2.2. Brand image feedback effects

Launching a new brand under a parent brand can be beneficial to the extension but it may present impacts for the parent brand, referred to as feedback effects. Völckner, Sattler and Kaufmann find that the difference between the extension’s and the parent brand’s quality is the most important driver for negative feedback effects. Even though strong brands improve the likelihood of success of the extension, these are the brands more prone to suffer from negative feedback effects. This likelihood increases with the decrease of perceived fit, so strong brands should abstain from very dissimilar extension categories. However these feedback effects diminish in the long term (Völckner, Sattler and Kaufmann 2008). Martinez and Pina, support these results and also the opposite effect. “Brand extensions supported by high quality products, similarly perceived, can strengthen brand image and enhance brand equity” (Martinez and Pina 2003).

Thorbjørnsen concludes that brand incongruence causes negative feedback effects and congruence causes positive effects. The author also supports that “the risks are higher for high-familiarity brands compared to low-familiarity brands, but so are the potential rewards” (Thorbjørnsen 2005). Martínez, Montaner and Pina claim that to reduce brand dilution when launching an extension, advertising campaigns should be employed to remind the consumer of the brand associations and augment the coherence of the new product with the current perceptions of the brand. Therefore, they claim that the parent brand’s image prior to the new product has a strong effect on final parent brand image and on the extension image (Martínez, Montaner and Pina 2009).

2.2.3. Brand extension naming strategies

“Brand name structure can evoke different types of information-processing strategies and therefore influence both extension evaluations and dilution effects on parent brand evaluations”. (Sanjay and Keller 2012) The author studies the relevance of the use of a family-branded (Tropicana Cola) versus a sub-branded extension name (Quencher by Tropicana Cola). He concludes that when using a sub-branding naming strategy the negative effects of a dissimilar extension were neutralized and the parent brand does not suffer as much negative dilution effects, while still enhancing extension evaluations.

Olavarrieta et al. study the differences between using a full name extension (Nestlé Ice-tea) and using a derived name (Nestea), claiming that brand names “are key brand equity generators because they affect recall and recognition, they carry meaning, and they even affect attitudes towards the brand”. The author concludes that choosing a derived naming strategy is a safer option, isolating the parent brand from failures, while allowing extensions to benefit from parent brand associations and transfer successes back to parent brands (Olavarrieta et al. 2009).

3. Case Study – Luso Tea: the healthier ice-tea

In 2013, SCC¹ was the leader brand in the still-water category with Luso. However, still-waters have low gross profit and volumes were decreasing due to the economic crisis and to the pressure imposed in the category by private labels' increasing penetration. So it was very important to increase category value. The first move from SCC was to launch a new product in the water category - a juicy water named Luso de Fruta. Although it has higher GP², it was a new category and it had low volume sales. So to respond to these upcoming challenges Luso was considering extending the brand portfolio in order to bring more revenue to the brand, leveraging the brand equity of Luso.

To enter the soft-drinks category would be a big step for the company but there were some opportunities to be evaluated. The soft-drinks market was an attractive option with considerable margins and great consumption levels in Portugal. The Luso brand was always associated with purity, refreshment and well-being so the new product needed to respect these values. Within soft-drinks the rational choice was to explore the ice-tea/tisane market whose products contain around 95% of water and a healthier image (mainly due to the fact of not being carbonated) when compared with other soft-drinks. Furthermore, there seemed to be a group of consumers that enjoyed ice-teas, but restricted its consumption, due to the high levels of sugar and calories present in them, and were looking for a healthier alternative. The challenge now was how to build and communicate a product with this healthier proposition that would represent a profitable strategy for the company, while improving the Luso brand credentials.

3.1. Sociedade da Água do Luso Background

Whilst being known for its still mineral water, Luso and its mother division Sociedade da Água do Luso have always innovated, having also experienced the categories of fruit juices³, sparkling water and even at a certain point of its history, the first Portuguese liquid yogurt⁴.

¹ Sociedade Central das Cervejas e Bebidas (In English, Central Society of Beer and Beverages)

² Gross Profit

³ In 1931 Luso launched Lusoranja the first fruit juice from Luso, made with Luso water

⁴ Yogura was the first liquid yogurt in Portugal (1931) made with Luso Water and lactic essence.

The story of SAL⁵ dates back to the 25th of August 1852, making it a brand present for over 160 years in the Portuguese market. Back then, the company was founded under the name ‘*Sociedade para o Melhoramento dos Banhos do Luso*’⁶. This thermal water is made from rain waters infiltrated through quartz stones that deeply filter the water, reaching over 500 meters deep, where the water heats up to temperatures above 30°C. It was only 42 years later, in 1894, that this thermal water, after cooling and releasing its natural gases, was first bottled for commercialization. In that year 3920 liters were sold outside the Luso facilities, being immediately recognized as an “excellent table water”. In 1913 this quality was officially recognized in the Mineral Water Exhibition in Madrid, where it won its first gold medal.

After the success of Luso water in the bottled water category, the name of the company did not make sense anymore, making it necessary to change it to a more suitable denomination. In 1916, the name was changed to Sociedade da Água do Luso, when the first corporate logo was also introduced. This logo was changed in 1938 to the iconic “Pureza⁷” logo, based in a sculpture by renowned Portuguese sculptor João da Silva (Exhibit 17).

3.2. Sociedade Central de Cervejas e Bebidas

In 1970 the Sociedade Central de Cervejas, SA became a shareholder of SAL and one year later it became the only distributor of SAL products.

The Sociedade Central das Cervejas (SCC) was formed in 1934 from the union of four Portuguese beer companies: Companhia Produtora de Malte e Cerveja Portugália, Companhia de Cervejas Estrela, Companhia da Fábrica de Cerveja Jansen and Companhia de Cervejas de Coimbra. In 1940 the iconic Sagres beer was produced by SCC, for the first time, for the exhibition “Exposição do Mundo Português” to represent the company.

In 2000 the international beer group Scottish & Newcastle acquired 49% of the shares of SCC and by 2003 this group purchased the 51% remaining shares, giving the group total control of SCC and SAL.

⁵ Stands for Sociedade da Água do Luso and this abbreviation will be used here after in the text

⁶ Society for the improvement of the Luso thermal water facilities

⁷ Pureza is the Portuguese word for purity

In 2004 the name of the company was changed to Sociedade Central das Cervejas e Bebidas⁸, better reflecting the current business of the company, that not only produces and sells beer but also other beverages like sodas and water (Luso and Cruzeiro).

In 2007 the Scottish & Newcastle group was acquired by Heineken, turning SCC into a Heineken co-op.

3.3. The soft-drinks market

According to the Portuguese legislation⁹, soft-drinks are any liquid beverage, composed mainly of water, carbonated or not that can be included in the following categories: Fruit juice; Fruit pulp drink; Vegetable extracts drink; Aromatized soft-drink; Tonic water; Soda or; Alcoholic beverage mixed soft-drink (maximum 1% alcohol). The origins of soft-drinks date back to the 17th century, when, in 1676, the Compagnie de Limonadiers of Paris was granted a monopoly for the sale of lemonade soft-drinks. In 1767 Joseph Priestley made the first drinkable glass of carbonated water but he did not pursue its business potential. Three years later Swedish chemist Torbern Bergman invented a generating apparatus that allowed the production of carbonated water in large amounts. In 1872 the first Portuguese soft-drink was sold in the Madeira Island, the famous “Laranjada”, the orange flavored carbonated drink still present in the Portuguese market. Coca-Cola was only invented in 1886, 14 years later.

Soft-drinks are very profitable and the G8¹⁰ countries alone are expected to contribute \$310 billion to the soft-drinks industry in 2015. In Portugal, total sales in 2013 reached €679 million¹¹ and despite representing a 6% decrease versus 2012 this value is still very

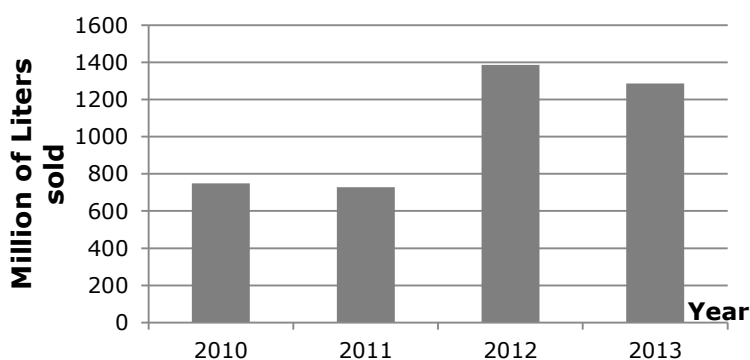


Exhibit 1 - Evolution of soft-drink sales in volume (Portugal) - Nielsen DB

⁸ Central Society of Beers and Beverages

⁹ Diário da República, Portaria n.º 703/96 de 6 de Dezembro (23/10/2014)

¹⁰ US, Canada, Germany, France, UK, Italy, Russia and Japan

¹¹ Nielsen DB

relevant. According to data from Canadean¹², soft-drinks represent half of the total quantity of beverages consumed in Portugal.

3.3.1. Ice-teas¹³

Ice-teas, also known as ready-to-drink (RTD) teas are one of the most recognized categories of soft-drinks alongside carbonated soft-drinks. In Portugal this beverage has an even bigger relevance: Portugal is the country with the highest ice-tea consumption per capita in the world (26 liters/year) and it is the only country in the European Union where Ice-teas overcame Colas as the biggest-selling soft-drink beverage in volume. In 2013, 359 million¹⁴ liters of ice-tea were sold in Portugal (Exhibit 18), accounting for 27,4% of the total soft-drink consumption, while Colas represented 23,3%.

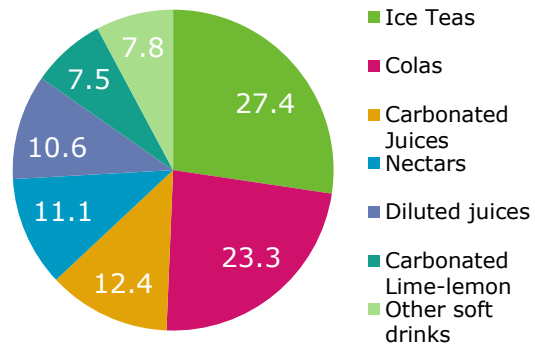


Exhibit 2 - Market share by type of soft-drink, September 2014 – Nielsen DB

3.3.2. Major players in the ice-tea market

Within the Portuguese market, apart from private labels that have a big share, three ice-tea brands are worth mentioning: the market leader Lipton ice-tea, Nestea and Pleno Tisanas.

Lipton Ice-tea

Lipton Ice-tea is the ice-tea from Lipton, a company that dates back from 1893 when Thomas Lipton first registered the tea packaging company

Thomas J. Lipton Co. With the dream of making tea universally

accessible at a reasonable price, in 1890 he decided to buy his own tea lands in Ceylon and start selling tea. The company is now owned by Unilever and distributed by

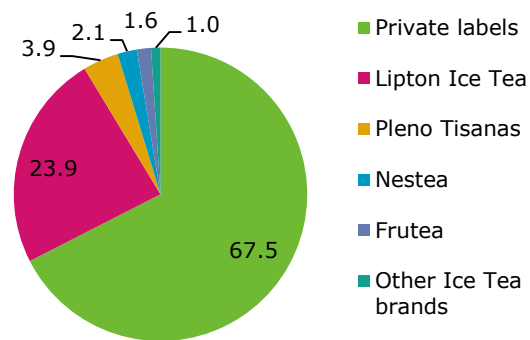


Exhibit 3 - Market shares in volume ice-teas by brand (Total Portugal) - Nielsen DB YTD April 2014

¹² This value includes bottled waters

¹³ Because this case study depicts the launch of an ice-tea from this point forward the analysis will only focus on the ice-tea category.

¹⁴ Nielsen DB

PepsiCo. The Lipton Ice-tea was launched in 1972 and has become a staple in the soft-drinks industry. Lipton ice-tea entered the Portuguese market in 1988 with the lemon flavor. Currently the brand has the three traditional flavors lemon, peach and mango, as well as a green tea flavor and the recent cocktail collection with the flavors mojito, pina colada and daiquiri.

Nestea

Nestea is an ice-tea brand created by Nestlé. The history of the company begins in 1866 when Swiss Henri Nestlé founded the Farine Lactée Henri Nestlé. Nestlé was later created in 1905 when Farine Lactée Henri Nestlé was merged with Anglo-Swiss Milk Company. Nestea was first introduced in 1948 as a soluble instant tea and it was only in the mid 90's that the company decided to bottle it. The brand is present in Portugal in a partnership between Nestlé and The Coca Cola Company since 1994. In Portugal, Nestea currently has four flavors: lemon, peach, orange and mango/pineapple.

Pleno Tisanas

Pleno Tisanas is part of the Portuguese company Lactogal. Lactogal was created in 1996 from the merge of three milk companies: Cooperativa Agros, Cooperativa Lacticoop e Proleite/Mimosa S.A. Pleno Tisanas as a tea infusion or a tisane¹⁵. Pleno Tisanas is currently sold in Portugal in 5 different flavors, all of them combinations of different teas and citrus fruits.

Private Labels

Together they account for a sizeable share of the market, and through the years they have been one of the major challenges for ice-tea brands. The flavors sold under the distributor name are normally lemon, peach and mango.

3.3.3. Consumers and consumption habits

Consumer segmentation in the soft-drink category is mainly built around the lifestyle habits of consumers and how these habits influence their consumption. Luso currently uses a segmentation model that separates consumers in five segments:

¹⁵ A tisane is a lighter and more diluted form of ice-tea, normally less caloric

1. Tuned followers (49%): the type of consumer that likes to go to events like football matches or live concerts and likes to experiment new foods and drinks, valuing the brands that sponsor their hobbies.
2. Drinking buddies (13%): the type of consumer that sees food and drinks as a socialization tool and therefore creates strong bonds with the brands that accompany them on a daily basis and are not prone to impulse buying.
3. Young trend setters (9%): the type of consumer that uses drinks to socialize and reconnect with friends, and tends to pick excitement and fun over routine, therefore they like new technologies and social media and they admire innovative and creative brands that stand out.
4. Well-Being Conscious (17%): this type of consumer is more introverted and concerned with health and well-being, translating into careful choices based on health benefits; they also like to take advantage of discounts and promotions.
5. Routine value seekers (12%): this is the type of consumer that values price above all other attributes, always looking for promotions and lowest prices; non-essential products are many times dispensed due to budget constraints.

Ice-teas are a soft-drink appreciated across all these consumer segments, therefore the segments dictate more the brand choice (or the choice of a private label) and the frequency of purchase, as well as the consumption occasions.

Regarding the consumption occasions, ice-teas are a very versatile beverage, appropriate for several occasions. Ice-teas can be consumed during meal time as a tasty and refreshing drink or between meals, in moments of conviviality and for refreshment and it can even be used in smaller meals, such as afternoon snacks given by mothers to their kids.

3.3.4. Consumer perceptions

Despite its healthy and natural origins, ice-tea is nowadays produced by soft-drink companies with great amounts of sugar and significant caloric contents. Compared to other soft-drinks, especially carbonated, ice-teas are still seen as a healthier choice but not a healthy choice per se. It is associated with social gatherings, fun, lightness and refreshment especially for summer time, having a light and balanced flavor, where the fruit brings flavor and the tea brings lightness. Consumers have the perception that the flavor is not brought by real fruit but by artificial aromas. Consumers are also aware of

the great percentage of sugar in ice-teas and unhappy with the small number of available flavors.

3.4. Changing consumers, changing market

In 2013, three main trends were evident in the soft-drinks industry: the healthy lifestyle, the need to know the source of your food and the increasing relevance of functional drinks.

3.4.1. Healthy lifestyle

Health concerns are a major topic in the food and beverage industry making consumers ever more informed and concerned about health and weight issues. This topic has also gained major importance among soft-drink brands: soft-drink giant Coca-Cola even cites in their annual reports that ‘obesity and other health concerns’ are the biggest risk to the company’s future.

The high amounts of sugar present in soft-drinks are one of the main reasons why they are considered unhealthy. Alternatives such as aspartame or other artificial sweeteners are not a popular choice anymore and accused of being carcinogens they raise suspicion among consumers. Stevia is a natural sweetener and sugar substitute that comes from the leaves of the *Stevia rebaudiana* a plant of South American origins. Stevia was discovered more than 1500 years ago by the Guaraní tribes in South America and has been commercially used since the early 1970s. This sweetener has been an increasingly popular topic in the food and beverage industry in the past years but it was only approved by the EU in 2011. Since then Stevia is becoming more popular and recently both Coca-Cola and Pepsi have launched stevia versions of their products: Coca-Cola Life and Pepsi True.

3.4.2. Know the source of your food

Concerns about the source of the products consumed are another big topic for the soft-drink market and references of all-natural or organic food can be seen frequently. Indeed, 81% of American families reported to be purchasing organic foods at least some times and the organic food market is expected to grow 14% from 2013 to 2018 in the US.

3.4.3. Functional soft-drinks

Functional soft-drinks are any non-alcoholic drink that provides additional benefits, commonly related to health-promotion or disease prevention. Sports drinks, energy drinks or vitamin enriched waters are the most common examples. Sports drinks have been the highest growing category in the beverage industry and the energy drinks US market has grown 60% between 2008 and 2012. In the EU this trend has been smaller due to regulations that restrict health claims before investigated and substantiated which can be a very costly process. Notwithstanding, companies are trying to fight back by introducing ingredients whose health benefits are already familiar to consumers.

3.5. Luso Tea: the ice-tea made with Luso water

After deciding to enter the soft-drinks market with an ice-tea/tisane there were three possible product propositions considered by the company:

1. Tisane type of product with a lighter, more refreshing formulation;
2. Healthier and more natural ice-tea that would be tasteful but less guilty;
3. Normal ice-tea, competing directly with other established brands.

Luso was realistic and understood that this new product's goal was not to steal market share from the established brands, but rather to augment the category as a whole, providing a new alternative that could attract new consumers. With this in mind, the third option was abandoned as it represented a direct threat to market giants like Lipton, a non-realistic strategy for a new brand entering the market. The first concept was relevant and made sense for Luso, but the definition of a tisane was not thoroughly understood yet by the Portuguese consumers. It is seen as a lighter, more diluted tea or almost like a flavored water and Luso already has a product offering with a similar positioning, 'Luso de fruta'. The second option was well accepted in the concept tests¹⁶ and besides being a good fit for Luso, it also represented an opportunity in the market. So it was decided, the new product would be a healthier and more natural ice-tea.

¹⁶ The company made concept tests in the format of focus groups to evaluate the reactions and feedbacks to the different concepts

3.6. Product decisions

3.6.1. Product positioning

Luso Tea's desired positioning can be summarized in two words: Healthy pleasure. Luso Tea is meant to be perceived as a product that allows consumers to enjoy the pleasures of life while still taking care of their health. Luso Tea is a healthier alternative to other ice-teas while still being tasteful and pleasing. It is low in calories and it has a reduced amount of sugar (Exhibit 19), strictly made with natural fruit juice, with Luso water and natural tea extract, without preservatives or colorants.

Besides this healthy association, Luso Tea is meant to be perceived by consumers as a more Premium brand than other ice-teas, sold at an even higher price than Lipton (Exhibit 20). The brand does not intend to compete with private labels, as it is impossible to deliver the best quality product while also fighting a price battle. The company believes that this Premium positioning can be sustained by the high quality and natural sourcing of the ingredients used, as well as by the higher cost of production – other ice-teas are made with treated tap water while Luso Tea is made with the brand leader mineral water (which accounts for 95% of the product) - making it a costlier product but translating into flavor. Luso Tea will be the only ice-tea ever made with Luso water, a high quality and pure water, which ultimately differentiates the product's positioning from other market players.

3.6.2. Target consumers

Despite the segmentation presented before, Luso likes to use a simpler rule to divide consumers: those who value price above all other factors and those that while considering price an important factor, value greatly the quality of the products they consume. Luso was not interested in going against private labels, thus the segment of interest was the later one. Inside this group Luso Tea wanted to target a group of consumers that has a big part in the purchasing of FMCG. This group consists of women from 26 to 40 years old that are strong purchase influencers, responsible for the household and the children. These women are conscious and worried about what they consume and give to their families, and despite having ice-teas or tisanes at least 2 to 3 times a month they feel guilty, due to the high sugar levels contained. They live mostly in urban areas and pay more attention to market innovations. They value the pleasure they get from ice-teas but they would prefer a healthier alternative.

For the target, the main considerations when choosing an ice-tea are: the price without abdicating taste and quality, the brand that they create a relationship of trustworthiness with and the diversity of flavors available.

3.6.3. Choosing the name

The name of a product is a very important decision as it will accompany the product through its life span and it dictates the associations made to it. This new product needed to have a catchy and perceptible name that could become familiar to the consumers. The first decision made was to include Luso in the designation of the product: Luso is a strong brand, well-known and loved by the Portuguese consumers. The presence of Luso water in the formulation of this new beverage was also a point-of-differentiation so it made sense to keep the Luso designation. This decision was also essential for the future company plan to extend the Luso brand meaning and create a line of products under its name. Basically, by including the name Luso the company was both aiming to bring the good associations from the Luso brand to this new product and to establish new associations to the Luso brand. After reaching this decision, two different names were studied by the company: Luso de Chá¹⁷ or Luso Ice-tea. A third name was also suggested by concept study participants: the name Luso Chá Gelado¹⁸. The first option was well received as it refers to the existence of tea, in its natural state, therefore creating natural associations. But Luso de Chá seemed like Luso and tea were two distinct realities: the product was not meant to be Luso water mixed with tea but a tea made with Luso water. Luso Ice-tea reflected well the essence of the product but it had strong connotations to the brand Lipton and, consequently, to an healthier choice, as well as to a foreign product, it seemed too international for Luso. The choice was Luso Tea: this name includes the Luso designation as well as the category of the product; tea is a simpler word, more common to the Portuguese consumer, which better identified the essence of the product: an ice-tea made with Luso water.

3.6.4. Choosing the flavors

Luso Tea was launched in three flavors: lemon, peach and red berries. The lemon and peach varieties were a must, being the top ice-tea flavors in Portugal and the category's staple. Luso wanted to differentiate itself and bring an alternative flavor, a proprietary flavor. The company's expertise and already built supply network lead to a plausible

¹⁷ Luso de Chá translates to Luso of Tea

¹⁸ Chá gelado is the Portuguese translation of iced tea

option: red berries. ‘Luso de fruta’ best-selling variety was red berries, signaling a popular choice among consumers. This specific flavor is also very appealing to female consumers, the main target.

Different ways of sweetening Luso Tea were tested in order to find the perfect balance between a low calorie and sugar product but with great taste. The final decision was to mix sugar and stevia making it possible to reduce sugars and calories. The reactions¹⁹ indicated a sweet enough product with a strong and pleasant fruit taste, which was refreshing and tasted natural.

3.6.5. Choosing the right packaging

Packaging is essential for the success of a product as “every package is a five-second commercial”²⁰. The colors and type of packaging influence the perception of the product and may be the first consumers’ impression of the product. Luso wanted to create a packaging that was representative of the product and that brought the desired associations to the consumer’s mind. The brand wanted to highlight the differentiation to other competitor ice-tea brands: Lipton is strongly associated with the yellow color and Nestea’s image is consistently blue, so these two colors were not an option. With the purpose of emphasizing the natural and healthier formulation, green was chosen as the main color, establishing the association with the natural tea leaves.

Because ice-tea is seen as a versatile product apt for consumption in many different occasions, the packaging formats were also important. The product needed to be available in a table format, so a bigger format was needed and the 1,5L was the choice made. For this format the brand wanted a package that felt current but natural. With the choice of the PET²¹ bottle consumers could see the color of the liquid, indicating a truthful and reliable product (Exhibit 21). There was also the need for a smaller, easy-to-carry format for in-between meals, for refreshment purposes or for out-of-home meals in commercial establishments. The format that seemed to meet both needs was the 330ml can. The brand considered also using a smaller PET bottle as a metal can was associated with sugary soft-drinks. However, the can also brought positive associations, the most important being a refreshing and cold drink. Also, with PET, there was the risk

¹⁹ Reactions from taste tests made by the company

²⁰ Quote by Ronald A. Peterson published on a 1988 edition of New York Magazine

²¹ PET stands for Polyethylene terephthalate, a recyclable plastic commonly used for beverages, food and other liquid containers

of being mistaken for tea-flavored water or another variant of ‘Luso de fruta’ in cafes or restaurants. The metal can would help to establish Luso Tea has a soft-drink and not be confused for flavored water (Exhibit 21).

3.6.6. The communication strategy

Luso Tea implemented an integrated 360° communication strategy that included TV spots, visibility materials both in the off-trade and on-trade channels, a PR activation campaign, digital presence and mupis. The main message of the Luso Tea communication was the following:

“Between a healthy life and a tasteful life, I choose both. Luso Tea, the ice-tea with a Luso of advantages”

Some product characteristics were left out of the communication in order to pass a clear and perceptual message to the consumers. The use of stevia in the formulation, which the company felt Portuguese consumers were not ready for.

TV Spots

The TV campaign was an important part of the introduction of Luso Tea and a very powerful tool to pass the product proposition. For easiness of comprehension, Luso decided to divide the TV campaign in two acts.

The first was meant to appeal to the rational side of the consumer and the premise was to question if consumers knew with what water was their ice-tea made. After all, consumers question the origin of the products consumed but rarely do we hear enquiring about the source or quality of the soft-drinks’ water. The purpose was to highlight the differentiating and exclusive characteristic of Luso Tea: being produced with Luso mineral water. The short spot (12 seconds) was meant to introduce consumers to Luso Tea and make them think about the product and its relevance to the category. This first spot also introduces the association with natural and green, being set in a green forest-like ambiance with flowers and a bird singing at the end (Exhibit 22).

The second act was meant to bring emotional associations, appealing to the benefits of drinking Luso Tea. The 30 second spot shows two women (including Raquel Strada, the brand ambassador) tasting Luso Tea and their reactions to this new experience. The video starts in an urban setting with these two modern women, trying to create a bond with the target consumers. When tasting Luso Tea, they bring their own emotional

associations to the product: something natural that really tastes great. These associations bring the viewer to two different perspectives that depict nature, freedom and well-being (Exhibit 23).

On-Trade Channel²²

In the On-Trade there were actions developed in over ten thousand outlets. These actions were a mix of availability and visibility initiatives. In order to make the product available, the company implemented incentive actions among the sellers and involved the rest of the company workers in a special mission to follow a seller and try to sell Luso Tea in cafés and restaurants. There were also discounts for the first purchases and the offering of one Red Berries tray to generate trial. To create visibility the brand created special items, like straw dispensers, menu boards, window stickers, posters and display objects (Exhibit 24).

Off-Trade Channel²³

In the Off-Trade channel the company implemented availability, trial and visibility actions in the most relevant hyper and supermarket chains. The availability actions were mainly informative leaflets to explain the features and concept of this product and a special 4-unit in&out²⁴ pack for Red Berries (Exhibit 25). The trial activations consisted of three actions. There was the trial through Luso still big formats (7Lt, 5,4Lt or 6x1,5Lt) with a discount coupon in Luso Tea (Exhibit 26). In-store trials stands with a hostess were implemented in key outlets (Exhibit 27). The third trial action was made in partnership with Continente online where Luso Tea applied a banner for a price cut in the online store. The visibility actions consisted in POS²⁵ materials such as extra spaces, ends of gondola, shelf signs, shopping cart covers and door communication (Exhibit 28). One special action made to increase visibility was a partnership with Pingo Doce to create meal packs with frozen meals and Luso Tea.

PR²⁶ Activation and Digital Presence

Nowadays, a brands' digital presence is a very important aspect of the communication strategy and many consumers get to know new products online. Bearing this in mind,

²² The on-trade channel includes the Horeca channel (Hotels, restaurants and cafés) and also other establishments like bars and fast-food chains.

²³ The off-trade channel includes all the modern distribution (hypermarkets, supermarkets and Lidl) and traditional distribution (grocery stores and convenience stores).

²⁴ An in&out action is

²⁵ Point of Sale

²⁶ PR stands for public relations

Luso Tea partnered with news and marketing websites, *Imagens de Marca*, *Marketer* and *Meios e Publicidade* to cover the launch and better explain the rationale and benefits of Luso Tea (Exhibit 29). Additionally, Luso Tea worked together with relevant blogs to introduce the product. Finally, Luso Tea used hashtags (#LusoTea) to create presence in social networks, Facebook, Instagram and Twitter, aiming to create an informal dialogue. As PR activities a brand launch event was held in Lisbon where the representatives of the brand introduced Luso Tea to the media and special guests. This activity was held in *Estufa Fria*, a greenhouse in Lisbon, a setting very appropriate to the natural and healthy positioning (Exhibit 30). Special PR kits were created to stimulate news about Luso Tea in the traditional media channels.

Mupis

The last piece of the communication strategy, was a mupi campaign all around Portugal that accompanied the two-act strategy followed for the TV campaign. The first round featured only a sentence: ‘Do you know with which water your ice-tea is made?’ and was meant to make consumers wonder and be curious about the product (Exhibit 31). The second mupis already featured the product in its red berries version to differentiate from competitors, showing the brand slogan: ‘The ice-tea with a Luso of advantages’ (Exhibit 31).

3.7. Launch and first results

Luso Tea was launched in the Off-trade channel on the 28th of April 2014 and in the on-trade channel on the 8th of May 2014. The company decided to do so in order to create initial distribution and awareness among consumers, which is easier to do in the Off-trade channel.

In the first five months Luso Tea had a positive and steady growth. By the end of September the average market share in volume was of 0,6% in the total market, 1,8% in the on-trade channel and 0,5% in the off-trade channel (Exhibit 32). In the on-Trade channel the share comes from reductions in share of all players except Lipton, which increased its share versus April 2014²⁷.

²⁷ April 2014 represents in this case study the situation before the entrance of Luso Tea in the market, as this was the month before the launch

Lipton's share growth and leadership is strongly supported by promotions, as its the average 2014 percentage of promoted sales is equal to 65%²⁸. Despite being on its first months in the market, Luso Tea was able to sustain its initial growth with a lower value compared to Lipton, with 60% promoted sales.

Luso Tea sold over 1,6 million liters²⁹ until the end of September 2014, 60% of which came from sales in the off-trade channel.

In terms of coverage, Luso Tea is present in the main Portuguese Hyper and Supermarkets and is present in an average of 6000 On-trade POS per month.

3.8. Challenges for the brand and the future

Like any new brand, Luso is facing some challenges in the launch of this new brand. The ice-tea market is especially challenging and mature players already have their space in the consumer's mind. Luso Tea has to fight for its space and even not aiming to dethrone other brands it represents a threat to them and they are bound to retaliate using more aggressive actions on the on-trade channel and leveraging the power of their brands in the off-trade channel.

Luso Tea is behind a strong brand in Portugal and is entering the market with a different positioning, which increases the threat to competitors. In fact Lipton has already changed its formulation to include stevia and have therefore reduced the calories and sugar level. They have not directly communicated this change and Luso Tea may have an advantage as it entered the market already with this healthier positioning which is easier than change current consumer's perceptions.

As for the future the company believes that the right strategy is to keep consistency in the communication to the consumer in order to reinforce the benefits of the product and its desired positioning.

As the product reaches six months in the market it is now time to evaluate the results of the launch. Do consumers perceive the desired positioning of the product? Do they believe the benefits versus other brands? Does it make sense to include more benefits in the communication? The answers to questions like this are essential to adapt the brand strategy and guide future innovations.

²⁸ Nielsen DB

²⁹ Taken from company's internal analysis

4. Market Research

4.1. In-depth Interview

In order to thoroughly understand the process behind the launch of Luso Tea an in-depth interview was held with Sílvia Rebelo, brand and innovation manager of Luso Soft-drinks. This interview was the basis to the case study and essential to understand all the steps in the process of creating this new product and brand extension.

In summary, the low GP in the bottled water business, the decrease of consumption due to the economic crisis and the pressure held by private labels were the main reasons behind the decision to extend the Luso brand to the ice-tea category. This decision also supported the plans of the company to extend the Luso brand to new categories. The company wanted to create a brand that would benefit from the Luso brand awareness and familiarity and that fitted this same image, not damaging the parent brand. Aware of the healthy and natural lifestyle trend and the growing concerns about the source of food, the company decided to create a product flavorful but natural, targeted at consumers that enjoy ice-teas but moderate its consumption due to health concerns. The main target of the brand was women between 26 and 40 years, concerned and aware of what they consume and give to their families. Despite price being an important factor for ice-tea consumers, flavor is also very important and Luso opted to create a more expensive alternative justified by the costs involved and quality of the product, with emphasis on true tea and fruit flavor. The brand decided to implement a 360° communication strategy based on several media that would make consumers perceive the product as a natural but pleasurable alternative to sugary ice-teas, made with the highest quality water. The main challenges faced by the brand are the established competitors and the time needed for consumers to assimilate and accept a new product. Nevertheless the company is invested on the success of the brand and the future strategy is based on maintaining the consistency of the communication and proving the quality of the product.

4.2. Visit to the market (On-trade channel)

SCC did a special action for employees to visit the on-trade market with the purpose of selling Luso Tea with a special promotion. This action, named Luso Tea Mission, consisted on a pay-one-tray-get-two-trays and additional price discount, with the minimum purchase of 3 trays,

making each can less than half the average Lipton can price. This action seemed to be a good opportunity to observe the market and get to hear the opinions of the clients. With the purpose of recording the information gotten from the visit a table was made (appendix 2).

The visit occurred on the 14th of November in the area of Pontinha and Lumiar, near Lisbon. Among the 22 places visited, the most common brand of ice-teas was Lipton, present in 19 of the POS. Nestea was present in 3 POS and Tetley was only present in one. Luso Tea was present in six of the POS visited and 12 of the 22 POS purchased Luso Tea, all of them with the special discount. The most purchased flavor was peach with a total of 18 trays purchased without discount, lemon was the second with 17 trays and Red Berries was the lowest selling with only 9 trays. Despite this, many clients admitted to be buying Luso Tea due to the price and were not very convinced on the idea of repurchasing the product.

It seems that consumers are still a bit reluctant to buy Luso Tea and Lipton is still very powerful. Café and restaurant owners interpret the asking for an ice-tea as asking specifically for Lipton and not other brands. One POS pointed that consumers have complained about the peach flavor and five POS commented that Red Berries does not sell, due to consumers' unfamiliarity with this flavor.

4.3. Online Survey

4.3.1. Survey Purpose

An online survey was created to obtain inputs generalized to the Portuguese consumer. Qualitative insights from the in-depth interview and from the market visit were considered in the making of the questionnaire. This way, it was possible to test some insights given by a group of consumers to the general population. The survey covers several topics: ice-tea consumption habits, Luso Tea brand awareness, Luso Tea consumer perceptions, most effective promotion and communication and finally insights regarding Stevia. The survey was delivered online, mainly through social networks but also through e-mail, during a three-week period. The survey reached 234 participants, with 210 of which considered valid and used in the statistical analysis. The survey was conducted in Portuguese because it was exclusively directed to the Portuguese population, ensuring better comprehension of the questions. Appendix 3 contains a translated guide of the questionnaire.

4.3.2. Sample

Demographics

The only demographic variables studied were sex and age group as none other variables were considered for the consumer segmentation. The survey was fairly equilibrated in terms of gender, despite the bigger number of female participations. In total, the survey was answered by 114 female participants (54,3%) and 96 male participants (45,7%) (Exhibit 33). In terms of age, the questionnaire was very unbalanced, a limitation for the analysis. The five age groups considered were: [< 18] with only 2,4% of the respondents, [18 - 25] the age group with the highest number of respondents accounting for 67,1%, [26 - 40] with a total of 21% of the respondents, [41 - 65] accounting for 9% of the sample and [>65] with the lowest percentage of respondents: 0,5% (Exhibit 34). Due to the age discrepancy of the sample, the analysis will only be split between the two biggest sample age groups [18 - 25] and [26 - 40].

Ice-tea consumption habits

From the enquired, 22,4% of the respondents (47 participants) stated not to consume ice-tea. From the remaining 77,6% that consume ice-teas (163 participants) have different consumption frequencies. 14,8% consume

		% Freq. consumers	Sig.
Gender	Male	50%	0,01
	Female	25,8%	
Age	[18 -25]	36,3%	0,134
	[26 - 40]	48,5%	

Exhibit 4 - Chi-square test gender versus consumption

ice-teas less than once a month, 34,3% between one and three times a month, 20,0% consume ice-teas one to three times a week and 8,6% consume it over 3 times in a week (Exhibit 35). For easiness of analysis this consumption group were combined in frequent (that consume ice-tea at least once a week) and occasional consumers (that consume ice-tea less than once a week). There was no significant difference between the level of consumption between the two age groups [18 - 25] and [26 - 40] but there was a significant difference between male and female consumers, with male consumers presenting a larger frequent consumption rate (50%) than females (25,8%).

For those that stated not drinking ice-teas, the main reason was considering it unhealthy (38%). The second most common reason was the preference for other soft-drinks (32%), followed by disliking the flavor (30%) and too many calories (23%) (Exhibit 36). Apart from the options suggested some participants also stated the reason as being too sweet, not drinking soft-drinks in general and the presence of artificial substances as reasons

for not consuming. By separating the analysis by gender, one can conclude that for male participants the most common reasons for not drinking ice-teas are preference for other soft-drinks (55%) and being unhealthy (36%). For female participants the most common reasons were not liking the flavor (40%) and being unhealthy (36%).

The most important characteristics in the purchase of an ice-tea is the flavor (with an average of 1,69 on a scale of 1 to 6 where 1 was the most important and 6 the least important). The second factor is price (with an average of 2,48). The third factor was brand (with an average of 2,91). The least important characteristics were calories (average of 4,19), sugar quantity (average of 4,21) and the origin of the ingredients (average of 5,5) (Exhibit 37).

Through an independent samples t-test one can conclude that there is no significant difference in the importance of the characteristics frequent drinkers and occasional drinkers (Exhibit 38).

With the same test the equality of means was studied for both male and female respondents. Only two of the characteristics have different means

among the two groups – price and calories. One can conclude that price seems to be more important for women and calories seem to be more relevant for men.

In terms of age group the equality of the means between age groups was only supported for flavor, with the [18 - 24] group giving more importance to it (average of 1,50) than the [25 - 40] group (average of 2.09) (Exhibit 38).

4.3.3. Luso tea brand awareness

From the ice-tea consumers, 71% of them already knew Luso Tea and only 29% were not aware of the brand (Exhibit 39). According to a chi-square test brand awareness does not differ significantly between gender groups, nor consumption frequency groups or between the two age groups (Exhibit 40). To understand the effectiveness of each communication tool, participants were asked to state how they got to know Luso Tea. The options considered were: television advertisement, display on a café or restaurant,

Factor	Gender	Average rank	Sig.
Price	Male	2,19	0,04
	Female	2,73	
Brand	Male	2,99	0,557
	Female	2,85	
Flavor	Male	1,70	0,909
	Female	1,69	
Calories	Male	4,38	0,025
	Female	4,03	
Sugar	Male	4,31	0,358
	Female	4,13	
Quality of the ingredients	Male	5,43	0,405
	Female	5,56	

Exhibit 5 - Independent t-test gender versus ranking of characteristics

display on a supermarket isle, special supermarket action, online, through a friend or colleague and street outdoors. The most effective tool was by far the television advertisement with 44% of the participants stating to have known the brand in this media. The second most important

tool was the presence in the supermarket isles (24%), followed by the display in cafes or restaurants (17%). Friend or family referral and mupis were very close in effectiveness with 11% and 10% respectively. Online presence and special actions in the supermarket showed to be the least relevant choices with 6% and 4%.

Communication Tool	% of awareness
TV ad	44%
Display on a supermarket isle	24%
Display on a café or restaurant	17%
Street Outdoors	11%
Through a friend or colleague	10%
Online (Facebook, Blogs, news websites)	6%
Special supermarket action (trial, special island)	4%

Exhibit 6 - Communication tools effectiveness

In terms of purchase only 36 respondents had bought the product themselves. From those, 61% stated to have bought the product on a supermarket and 39% stated to have bought it in a café or restaurant (Exhibit 41). From the ones that purchased Luso Tea in the supermarket 68% bought it at the normal price, not using any price promotion. The most used promotion was the discount coupon in the big formats of Luso still-water (18%), followed by supermarket trial actions (9%) and lastly by the Pingo Doce special meal pack (5%).

Promotional action	%
Discount coupon in Luso Still big formats	18%
Trial action at the supermarket	9%
Pingo Doce Special Meal Pack	5%
None	68%

Exhibit 7 - Promotional action awareness

4.3.4. Flavor evaluation

From the insight gotten from the market visit, some flavors seemed to be a problem for the consumer, and a possible reason for not consuming Luso Tea. Therefore, the participants were asked to evaluate each of the three flavors. Red Berries was the flavor most tried by the Luso Tea consumers (71%), followed by Lemon (67%) and Peach (55%) (Exhibit 42). Despite the expectations, consumers seemed to have enjoyed the flavors. Lemon is the most enjoyed flavor with 76% of the consumers stating that they either like it a lot or at least like it and only 12% stating to dislike it. The second most enjoyed flavor was Peach with 68% of the respondents stating to like it and 18% stating not liking it. Red Berries came in third with 67% of respondents liking the flavor and 19% disliking it (Exhibit 43). There were no differences in the liking of the three flavors between neither of the sample groups (Exhibit 44).

4.3.5. Comparison with other ice-tea brands

Flavor

To analyze the evaluation of ice-tea brands' flavor the respondents were asked to rank the brands on a scale of 1 to 5 with 1 being the best flavor and 5 being the worst flavor.

The ice-tea better ranked in terms of flavor was Lipton with an average ranking of 1,73. Nestea got second place with an average ranking of 2,77. Luso Tea, Pleno Tisanas and Frutea reached similar scores, but Luso Tea was considered the most flavorful of these three with an average ranking of 3,40. Pleno Tisanas had an

Ice-tea brand	Av. Rank. (flavor)
Lipton	1,7304
Nestea	2,7652
Luso Tea	3,4000
Pleno Tisanas	3,4087
Frutea	3,6957

Exhibit 8 – Ranking of ice-tea brands according to flavor

average ranking of 3,41 and Frutea 3,7. There is no significant difference in the ranking of flavor of Luso Tea between neither of the sample groups. (Exhibit 45)

Quality of the ingredients

The same type of question was applied to analyze the participants' perception of the quality of the ingredients with the rank 1 depicting the highest quality and 5 the lowest quality brand. Lipton was once again the winner with an average ranking of 2,18, followed by Luso Tea with an average ranking of 2,53. Pleno Tisanas was close

Ice-tea brand	Av. Rank. (quality of ingredients)
Lipton	2,1826
Luso Tea	2,5304
Pleno Tisanas	2,6957
Nestea	3,6174
Frutea	3,9739

Exhibit 9 - Ranking of ice-tea brands according to quality of ingredients

to Luso Tea with an average ranking of 2,7. Nestea came in fourth place with an average ranking of 3,62 and Frutea was lowest quality brand with an average score of 3,97. There is no significant difference in the ranking of quality of the ingredients between neither of the sample groups. (Exhibit 46).

Calories

In terms of caloric content the rank 1 depicted the brand with the most calories and the rank 5 the brand with the least calories. In this characteristic, the roles were reversed and the least caloric brand was Pleno Tisanas with an average ranking of 3,45. Luso Tea achieved second place with an average ranking of 3,13. The other three brands were not too far from each other, with Nestea taking third place (2,97), Frutea fourth place (2,79) and Lipton being considered the most caloric (2.66). There is a significant difference between frequent and occasional consumers, with frequent consumers perceiving Luso Tea as less caloric than occasional drinkers. There is no significant difference in the ranking of calories of Luso Tea between gender and age groups. (Exhibit 47)

Ice-tea brand	Av. Rank. (caloric contents)
Pleno Tisanas	3,4522
Luso Tea	3,1304
Nestea	2,9652
Frutea	2,7913
Lipton	2,6609

Exhibit 10 – Ranking of ice-tea brands according to caloric content

Ice-tea brand	Cons. frequency	Average	Sig.
Frutea	Frequent	2,68	0,538
	Occasional	2,85	
Lipton	Frequent	2,56	0,395
	Occasional	2,72	
Luso Tea	Frequent	3,51	0,016
	Occasional	2,82	
Nestea	Frequent	2,39	0,001
	Occasional	3,28	
Pleno Tisanas	Frequent	3,85	0,060
	Occasional	3,23	

Exhibit 11 - Independent t-test consumption frequency vs. ranking of caloric content

Future consumption

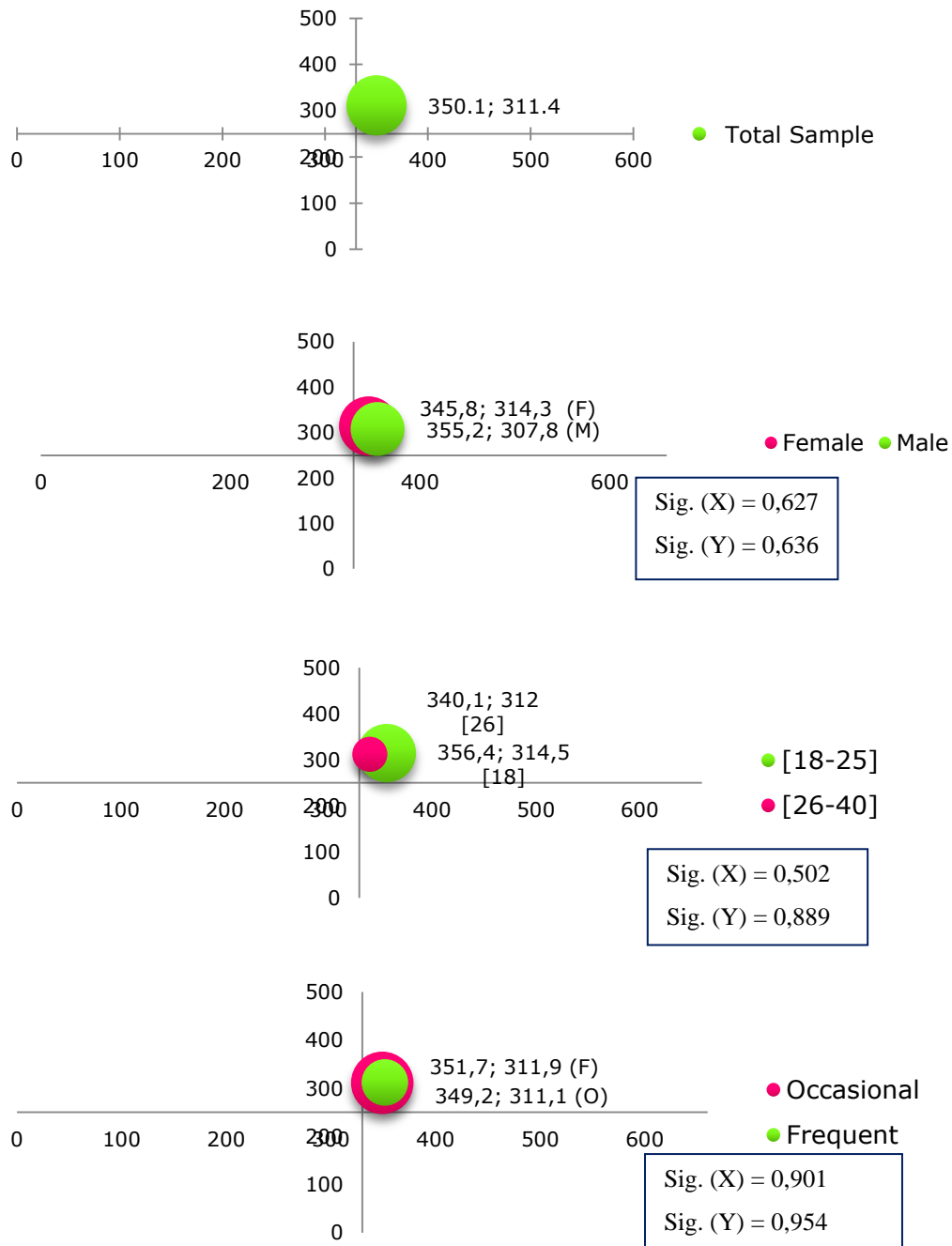
From the Luso Tea consumers, 78% stated to have intentions to continue to consume it (Exhibit 48). When asked what brand they would substitute by choosing Luso Tea the majority (50%) stated that they would pretermite private label’s ice-teas. Nestea (39%) and Pleno (28%) would be the brands that these consumers would substitute (Exhibit 49).

4.3.6. Perceptual map positioning

In the online survey a perceptual map was presented and the respondents were asked to place Luso Tea in it, according to their perception. This perceptual map presented two dichotomies in each axis: on the horizontal axis the left extreme read trendy and tasteful and the right extreme read refreshing value; on the vertical axis the upper extreme read fun and sociable and the downward extreme read healthy and pure. For the analysis the global average of the sample was analyzed as well as comparisons according to gender, age group and frequency of consumption. Through three independent samples t-tests the

conclusion was reached that there is no significant difference between the averages of the groups for any of the tests. there was also no difference in the average positioning attributed by the gender, age and consumption groups nor between the average of the sample. The agreed positioning in the perceptual map was on quartile 2 between 'Fun and Sociable' and 'Refreshing Value' but closer to the center of the axis.

Exhibit 12 - Perceptual maps: total sample, gender, age group and consumption frequency



4.3.7. Stevia

From the participants of the survey 32,9% knew Stevia, with the remaining 67,1% hearing about it for the first time. There is no significant difference between the consumers of the tested consumption frequency, gender and age groups for the knowledge of Stevia (Exhibit 50).

Previous Knowledge Stevia	%
Yes	32,9%
No	67,1%

Exhibit 13 - Stevia awareness

From the respondents that knew Stevia 84,3% agreed that it was a natural substance and that it was a healthier alternative to sugar. 78,6% stated to agree that stevia was less caloric than regular sugar. The percentage of respondents that stated to trust Stevia for its regular consumption was smaller but still significant with 51,4%.

Statement	Totally Agree + Agree	Neither agree nor disagree	Disagree + Totally Disagree
Stevia is natural	84,3%	12,9%	2,9%
Stevia is healthier than sugar	84,3%	11,4%	4,3%
Stevia is less caloric than sugar	78,6%	17,1%	4,3%
I have no worries when consuming Stevia	51,4%	37,1%	11,4%

Exhibit 14 - Agreement to statements regarding Stevia

When asked if aware that any of the ice-tea brands had stevia in its formulation, 12,9% recognized Luso Tea as having stevia and 8,6% recognized Lipton. 6,2% also stated that Pleno Tisanas also had stevia.

Ice-tea brand	%
Luso Tea	12,9%
Lipton	8,6%
Pleno Tisanas	6,2%
Frutea	1,0%
Nestea	0,5%

Exhibit 15 - Awareness of the presence of Stevia in ice-tea brands

An independent t-test was performed to compare the average scores of those who know of the presence of Stevia and those who don't on their perceptions of flavor, quality of the ingredients and caloric content. Surprisingly the perception of caloric content did not differ between the

		Average ranking	Sig.
Flavor	Aware	2,18	0,000
	Unaware	3,61	
Quality	Aware	1,76	0,001
	Unaware	2,66	
Caloric content	Aware	2,82	0,353
	Unaware	3,18	

Exhibit 16 - Awareness of use of Stevia versus ranking of the characteristics

two tested groups but the perception of flavor and quality of ingredients did. Consumers who were aware of the presence of Stevia on Luso Tea gave an higher average score to the flavor (2,18) than those who were not (3,61). The consumers who were aware of the presence of Stevia also scored higher on the perception of quality of the ingredients (1,76) versus the unaware (2,66).

5. Conclusion

This chapter focuses on answering the research questions stated in the introduction, based on the information gathered in the Case Study and Marketing Research sections.

Reminding the research problem: *'To understand and assess the Luso brand extension Luso Tea by analyzing the reasons behind the extension, the process that lead to the launch, the desired positioning and the according consumers' perceptions regarding the brand.'*

The first research question was: ***'What were the reasons behind the decision to extend the Luso brand into the soft-drinks category?'***

Despite being the brand leader in the still-water market, Luso had difficulties in 2013, not breaking even as in the case of the recent previous years, which was causing concerns for the company. Behind these challenges was the fact that still-water in general has very low gross profit, which makes the brands dependent on the sales level. Portugal was at the time a country recovering from an economic crisis, which reduced consumers' purchase power, translating in drinking less bottled water, and opting for tap water. Even if the consumer decided to buy bottled water, the choices were many and the market is vastly competitive. If the consumer wants to buy natural mineral water he is willing to pay a higher price and in this case the choice comes down to a matter of brand or availability and price plays a smaller role as competitors' prices are closer to Luso's. Apart from the mineral water choice the consumer can also opt for a source water brand at more attractive prices, which consumers many times don't mind. Private labels have also launched their own source waters, at even lower prices than the labeled ones, making this an attractive alternative for the consumers.. For Luso this translated into a reduction of sales and therefore profits were becoming smaller.

Back in 2012 the company was facing the same concerns which led them to launch 'Luso de fruta', a juicy water made with Luso. The product had higher gross profits but it still competed directly with water, being mainly purchased by consumers looking for a refreshing alternative to normal water. With 'Luso de fruta' came also the strategy to extend Luso's product portfolio and use the company's expertise and extra capacity to enter more profitable categories. In fact the Luso factory back at SAL was modernized to include machines apt to produce more than water.

The soft-drinks category was a category that did in fact match these higher margins and gross profits. While soft-drink consumption in Portugal was actually decreasing there was a specific type of soft-drink that didn't seem to take the hit from the crisis and the healthy consumption trends: Ice-teas. Whilst still being considered unhealthy and sugary, Ice-teas were the better alternative due to a healthier perception by consumers. Additionally, Portugal is the only country in Europe where Ice-teas sell more than Colas and it is the country with the highest ice-tea consumption per capita. With a great market potential, a healthier and more natural image that would better fit the Luso brand and with a content of water of nearly 95% Ice-teas were the right choice for Luso. The opportunity appeared when the company acknowledged the existence of a growing group of health concerned consumers that enjoy drinking ice-tea but moderated its consumption due to a lack of a flavorful but healthy alternative. Luso decided to provide that alternative: Luso Tea, a healthier and more natural ice-tea, of great quality and made with Luso water but also with great flavor.

This brings us to the second research question: ***'What is the desired brand positioning of Luso Tea?'***

Luso Tea wanted to enter the market with a different product proposal from other ice-teas, not aiming to dethrone competitors but instead to get the clients interested in Luso Tea's product proposal. The brand decided to position itself as directed for consumers looking for great flavor and pleasure but with lower calories and sugar levels than the current alternatives.

The positioning of Luso Tea is based on three main pillars: Premium, natural and the Luso water.

The Premium positioning is meant to be in line with the Luso image, a product that is good to be seen with, of well-known quality and a product that the consumer can trust and rely on. The premium positioning is supported by the higher price among current ice-tea brands. This price is justified firstly from the water used, a leader natural mineral water instead of tap water and secondly by the quality of the rest of the ingredients with natural tea extract and natural fruit juice. This combination of higher production costs and higher quality gives the product the status needed for a premium positioning.

The natural and healthy positioning is based mainly on the reduced values of calories and sugar, with the use of stevia, a natural sweetener. Stevia is less caloric than normal sugar due to the small quantity needed. Therefore with a combination of sugar and stevia Luso Tea is able to give a product with great taste but less caloric and less sugary. The other ingredients used apart from stevia are also all naturally sourced, making the product as natural as possible.

Finally the last positioning pillar of Luso Tea is the exclusive use of Luso water, a differentiating factor that competitors are not able to achieve. This also translates into the flavor and less sweeteners and flavorings are needed as the water already has great taste. The brand wanted the consumers to question themselves: ‘with which water is your ice-tea made with?’. Ice-teas are made with over 90% water so the quality of the water deeply affects the flavor, quality and purity of the final product, so why should the consumer not worry about the quality of the water.

The third question was: ***‘Does the desired positioning match the consumers’ perceptions of Luso Tea? How do consumers perceive Luso Tea when compared with other ice-tea brands? Are there relevant differences between the main target’s perceptions and the rest of the consumers?’***

The perceptual map presented to the questionnaire respondents represented a way to position the different Luso products according to four different characteristics (fun & sociable, refreshing value, healthy & pure and trendy & flavorful). The intended position for Luso Tea was a position in the third quadrant between the axis of refreshing value and healthy & pure. All of the respondents positioned Luso Tea in the second quadrant between fun and sociable and refreshing value, position that is in fact very characteristic to the ice-tea category. This position picked by the respondents is therefore quite expectable. This can be a good sign for the Luso Tea brand as the consumer perceives the product as similar (and therefore fit) to the category. However, this positioning also shows that Luso Tea may struggle with is the affirmation of the product as a healthier alternative among the available ones.

Through the comparison with other brands we can see that Luso Tea scored third place in flavor ranking, with Lipton and Nestea scoring higher. This shows that the consumer is actually quite accustomed to a sweet flavor characteristic of these two brands. In terms of quality of the ingredients Luso Tea scored second place with Lipton again in

the first place. It was expected that Lipton ice-tea would be perceived as high quality as the brands origins come from the tea itself which is important when you are trying to sell an iced version. With Luso scoring second in terms of ingredient quality one can conclude that the consumer as assimilated well the idea of the ice-tea made with Luso water and that this differentiating factor is important for the perception of quality. In terms of calories Luso Tea also achieved second place with only Pleno Tisanas being less caloric. It is also useful to remember that Pleno Tisanas is not even a direct competitor as it isn't a real ice-tea, but a tisane instead. This means that Luso Tea was actually the ice-tea considered less caloric. One important observation is the fact that the ranks were clearly reversed from flavor to caloric content, which may indicate that consumers find it hard to believe that an ice-tea can be both low in calories and highly flavorful. With this in mind and with the desired positioning of healthy and natural pleasure, Luso Tea was actually ranked very favorably for the brands' objectives.

Luso Tea decided to target female consumers between 26 to 40 years old, as they are frequently the purchasers and choosers for the household products but also because they are the type of consumer the brand expects to want Luso Tea's product proposal. This second reason is in general not supported by the survey findings. Male and female consumers didn't actually differ a lot in the analysis and on the ones where there was a difference; male consumers seemed to actually be closer to the product positioning. Male consumers scored higher than female consumers on frequency of ice-tea consumption and importance of caloric content for the choice of ice-tea. Also, female consumers seem to value more the price for the choice of the ice-tea which is not aligned with Luso Tea's premium positioning. Regarding the perception of Luso Tea the only sample characteristic that seemed to affect it significantly was frequent consumers perceiving Luso Tea as less caloric than occasional consumers.

In summary, Luso Tea seems to be achieving a good fit between the desired positioning and the actual consumer perceptions, achieving good scores on quality of ingredients and being able to be evaluated as flavorful and at the same time less caloric. In terms of the target there doesn't seem to be a difference between gender, age and consumption frequency perceptions. Despite this the survey results show that male consumers are not to be ignored and that the preconceived idea that female consumers are automatically more prone to choosing a healthier or low-calorie alternative may need to be revised.

The fourth and last research question was: *‘What were the communication and promotional strategies for the launch of Luso Tea and how effective were they? Should the communication include other differentiating factors of the brand?’*

The communication strategy was an integrated 360° communication strategy including TV spots, visibility materials both in the off-trade and on-trade channels, availability materials in the off-trade channel, a PR activation campaign, digital presence and mupis. The most effective communication tool seemed to be the television advertisements with almost half of the consumers aware of Luso Tea recalling this action. The visibility materials in supermarkets also proved to be an important tool with 24% of the aware consumers recalling it. Special actions in supermarkets were not seen by many consumers which can be explained by the fact that these actions were held on specific key points of sale and on specific dates, which reduces the likelihood of exposure.

The promotional launch activities did not gather many questionnaire responses but the results show that the most used promotion was the coupon present in Luso still big formats, followed by trial actions in supermarkets.

Apart from the use of Luso water in the production of Luso Tea there is also a differentiator factor in its formulation: the natural sweetener Stevia, which Luso decided to exclude from the communication in order to not overly confuse consumers. Meanwhile, Lipton has already followed the example and included Stevia in its formulation, allowing the product to reduce calorie and sugar levels, but they have decided not to explicitly communicate this, only featuring it online. At the time, Luso came to the conclusion that there wasn't enough knowledge and understanding of Stevia, so it wouldn't make sense to include it in the communication; but now that more products have also included it (for example Lipton ice-tea, Coca-Cola Life, Canderel sweetener) maybe this insight has changed.

Stevia seems to not have gained that much awareness and only 32,9% of the respondents knew it previously. From those respondents, a great percentage agreed that it was less caloric and more natural than regular sugar. Despite the recent existence of this product in Portugal, half of the respondents aware of Stevia claimed to completely trust the substance in their food and beverages.

Luso Tea was the ice-tea that most respondents knew to have Stevia but still only 12,9% of the respondents were aware of this fact. 8,6% were aware that Lipton had Stevia. Important insights were discovered when crossing the evaluation of flavor, quality and calories with aware versus unaware consumers. The awareness of Stevia in Luso Tea affected significantly and positively the perception of both flavor and quality of the ingredients, but surprisingly it did not affect the perception of caloric content.

Concluding, Luso Tea seems to be achieving good results in passing the right message even if slowly due to the category's complexity. Notwithstanding, the brand may be ignoring an important share of the consumers by not acknowledging the growing importance that male consumers are giving to health concerns. A great percentage of the respondents were aware of the product and they seem to be rating the brand favorably in comparison with other ice-teas. Additionally, the high levels of awareness demonstrate that the communication strategy seemed to be successful. There may be some new opportunities to include Stevia as a point of differentiation, because even though Portuguese consumers are not deeply knowledgeable of the substance yet, the ones that are construct more positive evaluations of Luso Tea.

6. Exhibits

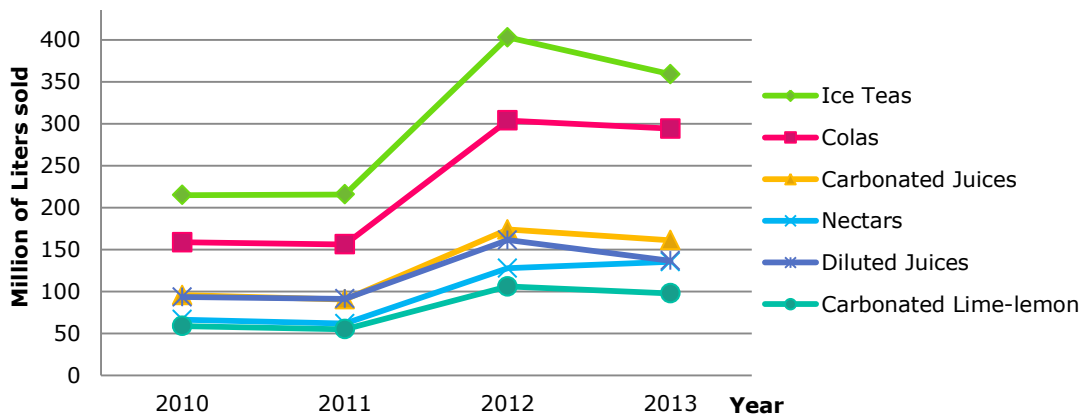
6.1. Case exhibits

Exhibit 17 - Pureza in the Luso Logo and Original Pureza sculpture by João da Silva



Source: SAL Official website

Exhibit 18 - Evolution of soft-drinks sales in volume by category (Total Portugal)



Source: Nielsen DB

Exhibit 19 - Calories and sugar content by ice-tea brand (Lemon flavor)

	Calorie per 100 ml	Sugar per 100 ml
Luso Tea	19 kcal	4,7g
Lipton Ice-tea (April 2014)	30 kcal	7,0g
Nestea	32 kcal	7,7g
Pleno Tisanas (April 2014)	24 kcal	6,0g
Ice-tea Continente (April 2014)	25 kcal	6,1g

Source: Student's research in supermarkets

Exhibit 20 - Prices per liter by ice-tea brand (Lemon flavor)

	Continente	Pingo Doce
Luso Tea	1,06€	1,06€
Lipton Ice-tea	0,93€	0,95€
Nestea	0,86€	0,86€
Pleno Tisanas	0,93€	0,93€
Private Label	0,39€	0,39€

Source: Student's research in supermarkets

Exhibit 21 - Luso Tea packaging



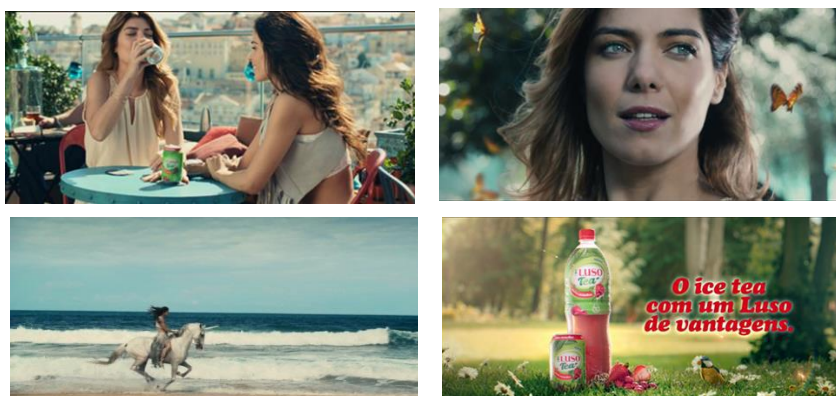
Source: Company's internal presentation

Exhibit 22 - Screen shots TV spot 1



Source: Captures from video on Luso's Youtube page

Exhibit 23 - Screen shots TV spot 2



Source: Captures from video on Luso's Youtube page and SCC Newsletter

Exhibit 24 - On-trade visibility materials (Poster, window stickers and straw display)



Source: Company's internal presentation

Exhibit 25 - Off-trade availability materials (Promotional leaflet and In&Out Familiar Pack)



Source: Company's internal presentation

Exhibit 26 - Off-trade trial action with big formats of Luso still



Source: Company's internal presentation

Exhibit 27 - Off-trade trial action with hostess



Source: Company's internal presentation

Exhibit 28 - Off-trade visibility (Shelf signs, End of Gondola, Extra space and Shopping cart display)



Source: Company's internal presentation

Exhibit 29 - Marketing websites features



MARKETEER



Source: Company's internal presentation

Exhibit 30 - Launch event in estufa fria in Lisbon



Source: SCC Newsletter

Exhibit 31 - Mupis: rational stage: “With which water is your ice-tea made with?” and emotional stage: “Luso Tea: The ice-tea with a Luso of advantages”



Source: Luso’s designer archives

Exhibit 32 - Market shares in volume ice-teas by brand (end of September 2014)

	Total Portugal	On-trade wo/ Fast Food	Off-trade wo/ Conv. Stores
Luso Tea	0,6%	1,8%	0,5%
Lipton	23,5%	69,8%	16,9%
Pleno	4,3%	3,0%	4,5%
Nestea	2,6%	11,0%	1,4%
Private labels	66,4%	2,2%	75,4%

Source: Nielsen DB

6.2. Market Research Exhibits

Exhibit 33 - Sample gender

Gender	Freq.	%	Cum %
Male	96	45,7%	45,7%
Female	114	54,3%	100,0%
Total	210	100,0%	-

Exhibit 34 - Sample age groups

Age group	Freq.	%	Cum %
[<18]	5	2,4%	2,4%
[18 - 25]	141	67,1%	69,5%
[26 - 40]	44	21,0%	90,5%
[41 - 65]	19	9,0%	99,5%
[>65]	1	0,5%	100,0%
Total	210	100,0%	-

Exhibit 35 - Sample consumption frequency

Ice-tea Consumption	Freq.	%	Cum %		
More than 3 times a week	18	8,6%	8,6%	Frequent consumers	60
One to three times a week	42	20,0%	28,6%		36,8%
One to three times a month	72	34,3%	62,9%	Occasional consumers	103
Less than once a month	31	14,8%	77,6%		63,2%
Never	47	22,4%	100,0%		
Total	210	100,0%	-		

Exhibit 36 - Sample reasons for not consuming

Reasons for not consuming ice-teas	%
Don't like the flavor	30%
Has too many calories	23%
I prefer other soft-drinks	32%
It's not healthy	38%
Other reason	17%

Reasons for not consuming ice-teas (male)	%
Don't like the flavor	18%
Has too many calories	18%
I prefer other soft-drinks	55%
It's not healthy	36%

Reasons for not consuming ice-teas (female)	%
Don't like the flavor	40%
Has too many calories	28%
I prefer other soft-drinks	12%
It's not healthy	36%

Exhibit 37 - Importance of the different factors in the choice of an ice-tea brand

Factor	Average ranking	Mode ranking
Flavor	1,6933	1
Price	2,4847	2
Brand	2,9141	3
Calories	4,1902	4
Sugar	4,2147	5
Quality of the ingredients	5,5031	6

Exhibit 38 - Consumption frequency and age group versus rank of different factors (Independent sample T-test – equal variances not assumed)

Factor	Cons. frequency	Average	Sig.	Reject equality of means (95% conf.)
Price	Frequent	2,33	0,223	Yes
	Occasional	2,57		
Brand	Frequent	3,12	0,181	Yes
	Occasional	2,80		
Flavor	Frequent	1,73	0,690	Yes
	Occasional	1,67		
Calories	Frequent	4,20	0,924	Yes
	Occasional	4,18		
Sugar	Frequent	4,17	0,701	Yes
	Occasional	4,24		
Quality of the ingredients	Frequent	5,45	0,611	Yes
	Occasional	5,53		

Factor	Age group	Average	Sig.	Reject equality of means (95% conf.)
Price	[18 - 25]	2,45	0,798	Yes
	[26 - 40]	2,52		
Brand	[18 - 25]	3,03	0,253	Yes
	[26 - 40]	2,70		
Flavor	[18 - 25]	1,50	0,004	No
	[26 - 40]	2,09		
Calories	[18 - 25]	4,21	0,713	Yes
	[26 - 40]	4,15		
Sugar	[18 - 25]	4,28	0,393	Yes
	[26 - 40]	4,03		
Quality of the ingredients	[18 - 25]	5,53	0,945	Yes
	[26 - 40]	5,52		

Exhibit 39 - Luso tea brand awareness – brand recall test

Already knows Luso Tea?	%
Yes	70,6%
No	29,4%

Exhibit 40 - Pearson Chi-square test consumption frequency, gender and age group versus Luso Tea brand awareness

		% Brand awareness	Sig.	Reject equality of means (95% conf.)
Cons. Freq.	Frequent	68,3%	0,635	Yes
	Occasional	71,8%		
Gender	Male	70,3%	0,943	Yes
	Female	70,8%		
Age	[18 -25]	66,4%	0,348	Yes
	[26 - 40]	81,8%		

Exhibit 41 - Where was the first purchase made

POS	%
Off-trade channel	61%
On-trade channel	39%

Exhibit 42 - Flavor trial rate

Flavor	% of trial
Red Berries	71%
Lemon	67%
Peach	55%

Exhibit 43 - Sample evaluation of the different flavors

Evaluation (Lemon)	%	%
Like it a lot	44%	76%
Like it	32%	
Don't like it nor dislike it	12%	12%
Don't like it	12%	12%

Evaluation (Peach)	%	%
Like it a lot	18%	68%
Like it	50%	
Don't like it nor dislike it	14%	14%
Don't like it	18%	18%

Evaluation (Red Berries)	%	%
Like it a lot	31%	67%
Like it	36%	
Don't like it nor dislike it	14%	14%
Don't like it	19%	19%

Exhibit 44 - Pearson Chi-square test consumption frequency, gender and age group versus Evaluation of Luso Tea Flavors

Lemon		% Positive evaluation (like it a lot and like it)	Sig.	Reject equality of means (95% conf.)
Cons. Freq.	Frequent	87,5%	0,515	Yes
	Occasional	66,7%		
Gender	Male	88,9%	0,151	Yes
	Female	62,5%		
Age	[18 -25]	66,7%	0,396	Yes
	[26 - 40]	100,0%		

Peach		% Positive evaluation (like it a lot and like it)	Sig.	Reject equality of means (95% conf.)
Cons. Freq.	Frequent	70,0%	0,515	Yes
	Occasional	66,7%		
Gender	Male	84,6%	0,531	Yes
	Female	53,3%		
Age	[18 -25]	63,2%	0,902	Yes
	[26 - 40]	83,3%		

Red Berries		% Positive evaluation (like it a lot and like it)	Sig.	Reject equality of means (95% conf.)
Cons. Freq.	Frequent	68,8%	0,997	Yes
	Occasional	65,0%		
Gender	Male	81,3%	0,170	Yes
	Female	55,0%		
Age	[18 -25]	63,6%	0,455	Yes
	[26 - 40]	75%		

Exhibit 45 - Consumption frequency, gender and age group versus rank of different brands' flavor (Independent sample T-test – equal variances not assumed)

Ice-tea brand	Cons. frequency	Average	Sig.	Reject equality of means (95% conf.)
Frutea	Frequent	3,71	0,933	Yes
	Occasional	3,69		
Lipton	Frequent	1,63	0,462	Yes
	Occasional	1,78		
Luso Tea	Frequent	3,46	0,701	Yes
	Occasional	3,36		
Nestea	Frequent	2,78	0,918	Yes
	Occasional	2,76		
Pleno Tisanas	Frequent	3,41	0,974	Yes
	Occasional	3,41		

Ice-tea brand	Gender	Average	Sig.	Reject equality of means (95% conf.)
Frutea	Male	3,48	0,069	Yes
	Female	3,87		
Lipton	Male	1,81	0,499	Yes
	Female	1,67		
Luso Tea	Male	3,37	0,793	Yes
	Female	3,43		
Nestea	Male	2,62	0,217	Yes
	Female	2,89		
Pleno Tisanas	Male	3,73	0,028	No
	Female	3,14		

Ice-tea brand	Age group	Average	Sig.	Reject equality of means (95% conf.)
Frutea	[18 - 25]	3,80	0,349	Yes
	[26 - 40]	3,56		
Lipton	[18 - 25]	1,68	0,956	Yes
	[26 - 40]	1,67		
Luso Tea	[18 - 25]	3,51	0,616	Yes
	[26 - 40]	3,37		
Nestea	[18 - 25]	2,82	0,470	Yes
	[26 - 40]	2,63		
Pleno Tisanas	[18 - 25]	3,19	0,066	Yes
	[26 - 40]	3,78		

Exhibit 46 - Consumption frequency, gender and age group versus rank of different brands' quality (Independent sample T-test – equal variances not assumed)

Ice-tea brand	Cons. frequency	Average	Sig.	Reject equality of means (95% conf.)
Frutea	Frequent	3,90	0,602	Yes
	Occasional	4,01		
Lipton	Frequent	2,10	0,528	Yes
	Occasional	2,23		
Luso Tea	Frequent	2,76	0,174	Yes
	Occasional	2,41		
Nestea	Frequent	3,34	0,079	Yes
	Occasional	3,77		
Pleno Tisanas	Frequent	2,90	0,293	Yes
	Occasional	2,58		

Ice-tea brand	Gender	Average	Sig.	Reject equality of means (95% conf.)
Frutea	Male	3,60	0,002	No
	Female	4,29		
Lipton	Male	2,15	0,796	Yes
	Female	2,21		
Luso Tea	Male	2,65	0,332	Yes
	Female	2,43		
Nestea	Male	3,40	0,076	Yes
	Female	3,79		
Pleno Tisanas	Male	3,19	0,002	No
	Female	2,29		

Ice-tea brand	Age group	Average	Sig.	Reject equality of means (95% conf.)
Frutea	[18 - 25]	4,09	0,222	Yes
	[26 - 40]	3,78		
Lipton	[18 - 25]	2,13	0,544	Yes
	[26 - 40]	2,30		
Luso Tea	[18 - 25]	2,60	0,760	Yes
	[26 - 40]	2,52		
Nestea	[18 - 25]	3,72	0,125	Yes
	[26 - 40]	3,30		
Pleno Tisanas	[18 - 25]	2,45	0,093	Yes
	[26 - 40]	3,11		

Exhibit 47 - Gender and age group versus rank of different brands' caloric content (Independent sample T-test – equal variances not assumed)

Ice-tea brand	Gender	Average	Sig.	Reject equality of means (95% conf.)
Frutea	Male	2,92	0,360	Yes
	Female	2,68		
Lipton	Male	2,38	0,003	No
	Female	2,89		
Luso Tea	Male	3,19	0,648	Yes
	Female	3,08		
Nestea	Male	2,81	0,289	Yes
	Female	3,10		
Pleno Tisanas	Male	3,69	0,179	Yes
	Female	3,25		

Ice-tea brand	Age group	Average	Sig.	Reject equality of means (95% conf.)
Frutea	[18 - 25]	2,88	0,751	Yes
	[26 - 40]	2,78		
Lipton	[18 - 25]	2,67	0,460	Yes
	[26 - 40]	2,81		
Luso Tea	[18 - 25]	3,13	0,841	Yes
	[26 - 40]	3,07		
Nestea	[18 - 25]	2,95	0,962	Yes
	[26 - 40]	2,96		
Pleno Tisanas	[18 - 25]	3,37	0,994	Yes
	[26 - 40]	3,37		

Exhibit 48 - Intention to repeat consumption

Intention to repeat consumption	%
Yes	78%
No	22%

Exhibit 49 - Brands the sample will substitute by continuing to consume Luso Tea

Pretermitted brand	%
Private Labels	50%
Nestea	39%
Pleno	28%
Lipton	25%
Frutea	25%

Exhibit 50 - Consumption frequency, gender and age group versus previous knowledge of Stevia (Independent sample T-test – equal variances not assumed)

		% Positive evaluation (like it a lot and like it)	Sig.	Reject equality of means (95% conf.)
Cons. Freq.	Frequent	25,0%	0,149	Yes
	Occasional	35,9%		
Gender	Male	28,1%	0,180	Yes
	Female	36,8%		
Age	[18 -25]	36,2%	0,287	Yes
	[26 - 40]	25,0%		

7. Limitations and Future Research

This dissertation has faced some limitations. In the Literature Review there was a lack of articles specific for the soft-drink category and in the Positioning part even for low involvement categories which

The market research was the part with most limitations, starting with the very unbalanced age groups that limited the analysis to only two of the four age groups, and even with the two, there was a great bias that may compromise the analysis. Due to this it was also impossible to isolate the target consumer of the product for analysis (women from 26 to 40 years old). On the other hand, a balanced distribution between female and male respondents was achieved in the survey, which is relevant for the positioning of Luso Tea. The use of rankings to evaluate Luso Tea and the competitors was not the best decision and the use of a numerical continuous scale or a ration would be more correct. Another limitation of the research was the use of a perceptual map to gather the perceived positioning for the participants, as it would have been better to ask respondents to evaluate the brand according to single characteristics. There is also the risk that respondents did not clearly understand the labeling of the axis well, biasing the analysis. The analysis of the promotional tools is also fallible, due to the small number of respondents, which needed to like ice-tea, to have tried Luso Tea and having been responsible for its purchase and also having made this purchase in an hyper or supermarket.

Future research could consist in a better evaluation of the Luso Tea positioning. One other interesting research topic that could complement this research would be to evaluate the feedback effects suffered by the Luso brand after the launch of Luso Tea.

8. Teaching Note

8.1. Synopsis

Luso is a company of Portuguese origins owned by Sociedade Central das Cervejas e Bebidas, the Portuguese Op-co from the Heineken Group.

With over 160 years of existence, Luso is known for its homonymous natural mineral water, being the market owned-brand leader of still-water in Portugal. However the still-water market was facing its challenges (2013) and profitability was decreasing to concerning levels, which were now being more closely monitored by Heineken International. With this in mind the company decided to venture into new, more profitable categories, which would allow leveraging the awareness and expertise of the Luso brand.

The decision was made to launch Luso Tea, an ice-tea made with Luso water and with a more natural and healthy positioning when compared to other ice-teas, that would allow the company the opportunity to enter the soft-drinks market. The product was then launched in April 2014, starting the Luso brand's journey into new categories.

8.2. Target Audience and Teaching Objectives

This case is to be used as a teaching material for Marketing courses by undergraduate or master degree students.

The objective of the case is to present a real life marketing problem and product launch to the students. The students will have the opportunity to follow the decision making process of a real brand manager involved in the launch of a new extension. Through the reading and comprehension of the case study and the respective exhibits, the student should be able to provide his/her own recommendations on the next steps of the product launch.

Depending on the topic of different Marketing courses, different theoretical concepts can be applied and studied further. The main topics of the case are:

- New product development in the soft-drinks category
- Brand extension in the soft-drinks category
- Brand positioning and brand associations

- Integrated Marketing Communication strategy

The following articles should be distributed to address specific theoretical concepts to answer the questions:

- Olavarrieta, Sergio, et al. "Derived versus full name brand extensions." *Journal of Business Research* 62.9 (2009): 899-905.
- Rahman, Kaleel, and Charles S. Areni. "Generic, genuine, or completely new? Branding strategies to leverage new products." *Journal of Strategic Marketing* 22.1 (2014): 3-15.
- Sood, Sanjay, and Kevin Lane Keller. "The effects of brand name structure on brand extension evaluations and parent brand dilution." *Journal of Marketing Research* 49.3 (2012): 373-382.

8.3. Teaching Plan

Prior to class discussion, students should be given a few days to read and understand the information of the case study and the related articles needed for the analysis. The questions should be delivered in a report format and there should be a class discussion after the individual analysis. To initiate this discussion, there should be a few students responsible for summarizing the contents of the case in order to clarify it and refresh it for the students.

1. Given the history of the Luso brand, the perceptions of the ice-tea category and the trends in the soft-drink market observed at the time, comment on the decision and timing of entering the ice-tea category. Briefly explain the Luso Tea positioning strategy and elaborate on the fit of this positioning strategy to the market situation faced at the time.

In this question students are supposed to show understanding of the case study and the situation that led to the launch of Luso Tea and show understanding of what is the brand's positioning and understand how the positioning must be fitted to the market situation and to the brand reality. There is room for different opinions, as long as well justified and supported by the content of the case study.

Water is the healthiest and more natural choice of beverage a consumer can have. Luso water is one of the most recognized and beloved brands in Portugal, being known for its

high quality and purity, which allowed it to become the leading water brand in Portugal. Despite this it isn't a lucrative beverage and many times consumers are not content with drinking just water and demand a little more flavor. Having entered the flavorful side of water with a juicy water, Luso was still trying to reach higher profitability levels. The soft-drinks category was the closest category to water that the brand could extend to. In parallel, a major trend in food and beverage was the concern for a healthy lifestyle and a growing awareness of what is consumed. Within the soft-drinks category, while not being considered necessarily healthy it is still considered the healthiest choice. Ice-teas are also the most consumed soft-drink in Portugal, even making it the country with the highest consumption per capita in Europe. Due to this reasons the ice-tea category seems to be a good option for Luso as it is more similar to the brand current product portfolio. The timing on the other hand is maybe not the best, as there are already many market players well established in the category, making it harder for consumers to assimilate and accept a new brand in the market. The Luso positioning seems to be appropriate for this market situation, by enhancing the health need of the consumers by entering the market with a more natural and less sugary product. Another pillar of the positioning is the use of Luso water in the formulation of Luso Tea, which can be a good choice considering that Luso is an already well known and well established brand which can make the entrance of Luso Tea easier in the market. The Premium positioning however may be a risky decision in the market where the other ice-tea brands are well established. Consumers already pay a premium for a soft-drink, and may not be willing to pay even more for such a recent brand. Also, the fact that Luso is seen as a premium brand does not necessarily make Luso Tea one also.

2. When deciding to launch an ice-tea, the company had the choice to launch it as a new brand or as a part of the Luso brand. What are the benefits and disadvantages of launching a new product as a brand extension? Based on the drivers of brand extension success how likely is it that Luso Tea will be successful?

This question is meant to make students understand the drivers of success of extensions and the advantages and disadvantages of launching an extension versus a new brand and to make them apply this concepts to a real life brand.

Brand extensions seem to be a popular choice among FMCG companies, and are assumed to require lower introduction expenses, like advertisement, trade deals or price

promotions (Völckner and Sattler 2006). Brands that have an history of launching extensions have the advantage of becoming more accessible for consumers as they already know the benefits associated with the brand. Therefore if the extension has congruent benefits with the parent brand this works as an advantage, simplifying the choice for consumers. However a brand with many extensions can also suffer from loss of coherence and reliability, as well as representing the risk of devaluing the brand's core benefits (Meyvis and Janiszewski, 2004). Additionally, Heilman et al. 2000 argue that for low involvement brands, consumers tend to take more risks, decreasing the need for a parent brand. The biggest possible disadvantage of extensions is the risk of negative feedback effects. According to Völckner et al. 2008 if the extension differs a lot in quality from the parent brand and if the fit between the two is small the risk for negative feedback effects is considerable. High familiarity of the parent brand increases the effects (Thorbjornsen 2005). Still, if these requirements are met, there is also the potential for positive feedback effects. Martínez et al. 2009 claim that the parent brand image is also greatly affected by its image before the extension, arguing that advertising can play a big part on avoiding negative effects.

From the literature provided, eight variables seem to have an impact on the success of extensions in the case of functional and low involvement/low risk, as is the case of Luso Tea. One can argue that Luso Tea does in fact seem to match at least six of these requirements:

1. Fit between extension and parent brand: Luso Tea decided to apply a positioning strategy as similar to Luso as possible, by setting it as a natural and healthy choice among ice-teas;
2. Marketing support/advertising: Luso Tea deployed many efforts in constructing an integrated communication strategy, sure to support the launch of the product;
3. Retailer acceptance/availability: because Luso is part of SCC and therefore has the indirect support of big brands like Sagres and Heineken, this is strongly reflected on the acceptance of the product by retailers especially in the off trade channel;
4. Parent brand quality: among waters Luso is perceived as of the highest quality possible which may transfer to Luso Tea;

5. Brand relationship quality: Luso may lack experience in the soft-drinks market, but surely does not lack presence in the Portuguese consumers' life, from where one can assume satisfying relationship quality with the consumer.
6. Parent brand conviction: despite the broad meaning of this variable, the Luso Tea team and SCC are strongly invested and confident on the success of the brand.

The other two drivers were not specifically met by Luso Tea ice-tea:

7. Parent brand experience: Despite Luso being a very experienced brand in the Portuguese market, the brand is not experienced however in the soft-drinks category;
8. Parent brand familiarity: As for experience, consumers are not familiar with Luso in the ice-tea category and therefore in the presence of competitors there is the risk of low adherence to the product by consumers.

In sum, it seems that Luso Tea matches many of the theoretical drivers for extension success. The task may be however complicated in the beginning due to the important factors experience and familiarity (Milberg et al. 2013), although these two variables have the ability to change in the longer term.

3. Luso decided to launch their ice-tea under the name Luso Tea. According to the Rahman and Areni framework choose the optimal naming option for Luso Tea and bearing in mind the literature on extension naming strategies identify the strategy followed by Luso and evaluate the name choice in comparison to the alternative options.

The aim of this question is to make the students use a new marketing framework for the choice of the extension name as well as using the literature review to evaluate different naming strategies and applying them to Luso Tea.

The Rahman and Areni framework helps to decide the optimal strategy for branding new products according to the product category fit and the brand positioning congruence. The congruence between Luso and Luso Tea can be considered high as Luso Tea tries to achieve associations of health and nature, similar to Luso's. Product fit refers to the fit between the new product and the category. In this variable one can argue that the fit is high as Luso Tea decided to position itself as a more natural (and therefore

less similar to competitors) but flavorful product, establishing a difference product in the category but that still fits in the same consumption occasions as the competitor's. Based on this evaluation one can conclude that Luso Tea should follow a generic subbrand strategy.

Luso Tea decided to adopt the family branded naming strategy, which consists of the use of the parent brand in addition to a general category identifier. The other two options revised were the subbranded and the derived brand strategies. The derived brand strategy may be a difficult option for Luso, given the short length of the parent brand name, which would be difficult to derive. However, by disguising slightly the parent brand on the extension name, seems to be very beneficial, by allowing to transfer the parent brand associations to the extension and transferring the success of the extension to the brand, but at the same time to isolate the parent brand from extension failure (Olavarrieta et al.). The subbranded option describes the naming strategy of giving the new extension a new name, but followed by an identifier of the parent brand (eg. Ice-tea by Luso). This alternative also shows advantages by neutralizing the negative feedback effects of a dissimilar extension on the parent brand, as well as isolating the parent brand from negative feedback, while still enhancing extension valuation (Sanjay and Keller 2012).

The Rahman and Areni framework indicated that Luso Tea chose the right naming strategy by adopting the generic category identifier Tea after the Luso brand name, however this seems to be the less beneficial strategy of the three analyzed strategies. According to the other authors, the best choice for Luso Tea seemed to be a subbranding naming strategy like for instance Ice-tea by Luso.

4. Imagine you were part of the Luso Tea team and had to assess if Stevia was to be included in the future communication of the brand. Based on the information given on the case study and the marketing research chapters construct your recommendation for this problem. Briefly explain what is a independent samples t-test and why it was used in this analysis.

This last question is meant for students to apply marketing research knowledge to a real life problem, by giving their future recommendation based on data from a survey analysis.

Stevia was not included in the brand's communication in order to not over complicate the communication message and because the company felt the Portuguese consumer was not ready for this insight yet.

According to the results of the market research, it seems that the Portuguese consumer is not vastly aware of Stevia yet, with only 32,9% of respondents being aware of the existence of this substance. From the respondents that knew the product, a great percentage agreed that it was less caloric (84,3%) and more natural (78,6%) than regular sugar and even more than half of them claimed to trust Stevia in their beverages. Despite both Luso Tea and Lipton having already introduced Stevia in their ice-teas, both brands didn't communicate it explicitly and therefore not many consumers know about it yet. Luso Tea was however the ice tea that most respondents identified as having Stevia, but only 12,9% of the respondents. For Lipton, 8,6% of the respondents were aware of the presence of Stevia.

An independent t-test is a statistical test that compares the means between two unrelated groups on the same continuous, dependent variable. What distinguished an independent t-test from a paired sample t-test is that the first compares respondent groups from the same sample of respondents and the latest takes the different groups of respondents from different samples. The test is called an independent sample t-test because the sample groups must be mutually exclusive, no single respondent can belong to two groups. In this case, a 95% confidence level was set and therefore there is only statistical significance if the sig. 2 tailed test is lower than 0,05. In this case the dependent variables were 'ranking of flavor', 'ranking of caloric content' and ranking of quality of the ingredients', which were tested versus the independent variable 'awareness of the presence of Stevia'. With this in mind, the awareness of respondents of the presence of Luso Tea affected significantly the perception of flavor (sig. equal to 0,000) and the quality of the ingredients (sig. 0,001). In fact, aware consumers evaluated Luso Tea more positively both in terms of flavor (with an average ranking of 2,18 versus 3,61 in a scale of 1 to 5) and quality of the ingredients (with an average ranking of 1,76 versus 2,66 in a scale 1 to 5) .

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10. Appendix

Appendix 1 – Interview guide with Silvia Rebelo

Introduction:

- Greetings
- Ask permission to record and take notes

Questions:

1. What was the reasoning behind the decision to launch of a new product outside the water category?
2. What consumer trends supported the decision to enter the soft-drinks market with ice-tea?
3. How is the ice-tea market structured?
4. Which were the relevant factors for the choice of this kind of product?
5. What is the desired positioning for Luso Tea?
6. What brands are considered direct and indirect competitors of Luso Tea?
7. What differentiates Luso Tea from other ice-teas in the market?
8. How was the name chosen and what were the other alternatives?
9. How were the flavors for Luso Tea chosen?
10. What were the reasons behind the choice for the current packaging formats?
11. Why were these colors chosen for the product?
12. What was the impact desired by applying the Luso name to this new product? What were the expected benefits and potential risks?
13. What was the communication strategy for the first Luso Tea campaign? (Target, what were the desired messages to pass to the consumer, etc.)
14. What were the activation actions made in the points of sale (Off-Trade and On-Trade)?
15. What were the challenges encountered in the first months in the market?
16. What is future strategy and how do you predict the near future?

Closing Comments:

- Any additional comments?
- Thank you very much for your cooperation

Appendix 2 – On-trade market visit table

No.	POS	Already has Luso Tea?		What Ice-tea brands does it sell currently?				Units bought		
		Yes	No	Lipton	Nestea	Frutea	Tetley	RB	L	P
1	A Paragem		X	X				-	-	-
2	Panibolo		X	X				1	1	1
3	Sr.Manuel Santos		X	X				0	5	5
4	O Isqueiro	X		X				0	1	2
5	Jardim do Bairro		X	X				-	-	-
6	A Toca do Grilo		X	X	X			-	-	-
7	Pastelaria Mó		X	X				-	-	-
8	Café do Bairro		X	X				1	1	1
9	Café do Forno	X		X				-	-	-
10	O Mirante	X		X				1	1	1
11	Restaurante Duarte		X			X		0	2	2
12	Popicas		X	X				-	-	-
13	Café Parrecos		X	X				-	-	-
14	Mini-Mercado Frescos Co.		X	X				0	1	2
15	O Forno de Telheiras	X		X				-	-	-
16	O 4x3	X		X				2	1	0
17	Churrasqueira O Xavier		X	X				1	1	1
18	Os Teixeira		X					-	-	-
19	Favo de Mel		X	X				1	1	1
20	Clube de Sargentos da Força Área		X	X			X	-	-	-
21	Conde Vinho	X		X				1	1	1
22	Estrela do Paço		X	X				1	1	1

Appendix 3 – Online survey guide

Q1. This survey is part of my master's degree dissertation from Católica Lisbon SBE. The purpose of this survey is to understand the opinions and perceptions of consumers in the Ice-tea category. All the data provided will remain confidential, there are no right-or-wrong answers and your honest opinion is what is most important. The questionnaire will take less than 5 minutes and I kindly ask you to finish it.

Thank you very much! Your opinion is very important for the study!

Bárbara Costa

Q2. How often do you consume Ice-teas?

- More than 3 times a week
- 1 to 3 times a week
- 1 to 3 times a month
- Less than once a month
- I don't consume Ice-teas

Q3. Why don't you consume Ice-teas? (You can choose more than one option)

- I don't like the flavor
- It has too many calories
- I prefer other soft-drinks
- It's not healthy
- Other: _____

Q4. Please order the characteristics according to their importance for the choice of ice-tea brand.

(1 – most important; 6 – less important)

- | | |
|----------------------|-----------------------------|
| _____ Price | _____ Calories |
| _____ Sugar Quantity | _____ Origin of Ingredients |
| _____ Flavor | _____ Brand |

Q5



Q6. Have you heard about Luso Tea, the ice-tea made with Luso water?

- Yes
- No

Q7. How did you get to know Luso Tea?

- TV Advertisement
- Café/Restaurant
- Supermarket aisle
- Special action at the supermarket (ex. Taste Trial, Special Display)
- Online (Facebook, Blogs, News sites)
- Friend/Colleague/Family
- Outdoor Advertisement

Q8. Where have you bought Luso Tea for the first time?

- Supermarket
- Café/Restaurant
- I never bought Luso Tea

Q9. Despite never having bought Luso Tea, have you already had the chance to try it?

- Yes
- No

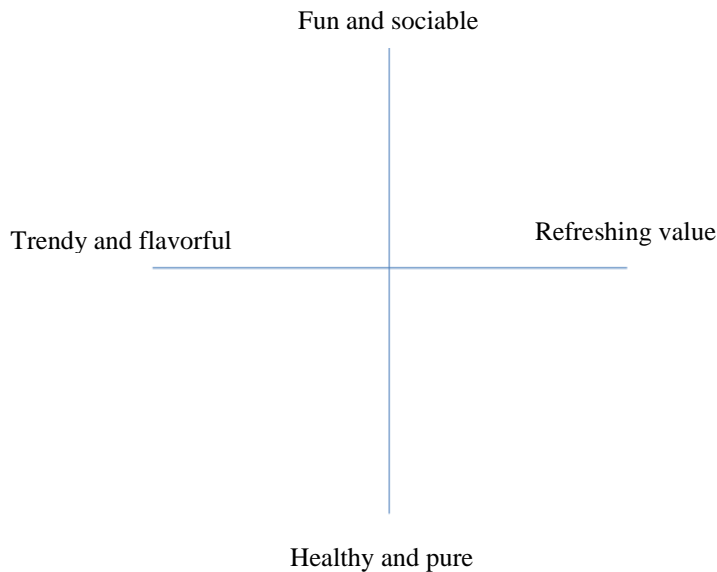
Q10. When you bought Luso Tea for the first time in the supermarket did you took advantage of any special promotion?

- Taste Trial
- Special 1,5L four-pack
- Discount coupon on Luso water big formats
- Discount coupon from Continente Online
- Special meal pack from Pingo Doce
- None of the above

Q11. Rate the Luso Tea Flavors:

	Like it a lot	Like it	Don't Like it or Dislike it	Don't like it	Never Tasted
Lemon	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Peach	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Red Berries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12. Please place LT in the position that you see more fit in this perceptual map:



Q13. Please order the following brands of Ice-tea according to your perception of flavor: (1 - best flavor, 5 - worst flavor)

- | | |
|---------------------|--------------|
| _____ Frutea | _____ Lipton |
| _____ Luso Tea | _____ Nestea |
| _____ Pleno Tisanas | |

Q14. Please order the following brands of Ice-tea according to your perception of quality ingredients: (1 - best quality, 5 - worst quality)

- | | |
|---------------------|--------------|
| _____ Frutea | _____ Lipton |
| _____ Luso Tea | _____ Nestea |
| _____ Pleno Tisanas | |

Q15. Please order the following brands of Ice-tea according to your perception of caloric content: (1 - most calories, 5 - least calories)

- | | |
|---------------------|--------------|
| _____ Frutea | _____ Lipton |
| _____ Luso Tea | _____ Nestea |
| _____ Pleno Tisanas | |

Q16. Do you plan on continuing to consume Luso Tea?

- Yes
- No

Q17. Which Ice-tea will you stop drinking by choosing Luso Tea? (You may choose more than one option?)

- Lipton
- Frutea
- Pleno
- Nestea
- Private Labels (Continente, Pingo Doce, Lidl, etc.)

Q18. Stevia is a natural sweetener from the leaves of a South American plant, which has been approved for food use by the European Union in 2011.

Q19. Were you already familiar with Stevia?

- Yes
- No

Q20. Please rate your level of agreement with the following statements:

	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Stevia is natural	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The stevia is a healthier alternative to sugar	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stevia is less caloric than sugar	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have no concerns when consuming stevia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q21. According to your knowledge, does any of these Ice-teas contain stevia? (You may choose more than an option)

- Luso Tea
- Lipton
- Nestea
- Pleno
- Frutea
- None of the Above

Q22. Please state your gender:

- Male
- Female

Q23. Please state your age:

- 18-25
- 26-40
- 41-65
- >65

Q24. Thank you very much for answering my survey!