

We

GET WHAT?

GET A WATT

# INDEX

Executive Summary.....	4
Introduction.....	6
Swot Analysis.....	8
Costumer Analysis and Research.....	10
Segmentation .....	13
Targeting.....	15
Positioning.....	16
Marketing Mix.....	17
Conclusions.....	25
Limitations.....	26

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## Marketing

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**Yawning; Moodiness; Fatigue; Irritability; Depressed mood; Difficulty learning new concepts; Forgetfulness; Inability to concentrate or a "fuzzy" head; Lack of motivation; Clumsiness.**

These and more, are the effects of having low energy and being sleepy all day, an imminent threat to every person's personal and professional life.

The aim of this product, entitled "Watt", is to bring busy consumers that suffer from a way too full agenda, a more convenient way of boosting their energy levels for the day, in order to achieve all of their personal goals and reach a happier and proactive lifestyle. The idea is to produce a candy with natural ginseng and cordyceps fungi extracts, magnesium, iron and complex B vitamins, that is easy to carry, tasty to consume and that could eventually substitute other energy boosters such as coffee and pills (these last ones can create health issues in the long-term).

The advantages related to this product are not only the convenience of only carrying a candy with you that can be consumed wherever and whenever the consumer wants, enabling people to maximize their time, but also the very few side effects it has when compared with most energy drinks that are based out of caffeine, already in the market. Nearly all energy drinks contain high levels of caffeine, that can eventually cause high blood pressure, cardiac arrest, heart attacks and even strokes, something that our consumers won't have to worry about, since our candy uses natural extracts that substitute caffeine.

Another advantage is the diversity of flavours this product offers people, because there is a whole market who doesn't like the taste of coffee or any of the alternatives and that is ready get its needs and wants satisfied. A third advantage is based on the fact that we foresee that

these candies, when produced in a big scale, will have a very appealing price to the public in general.

The disadvantages we see are the competition of coffee and energy drinks that are already established in the market and the fact that people's traditions are really hard to change, hence that a big number of consumers will stay loyal to their current habits of drinking them. Other disadvantage would be the necessity and difficulty of finding a factory that would produce Watt candies for a reasonable price in the embryonic phase of the project, making it sustainable.

As mentioned above in the executive summary, our products aim is to provide customers with a solution to stop feeling low and tired at any hour of the day, but rather face it with excitement in order to reach their personal goals.

## GETTING A WATT

In the last two decades, the amount of energy drinks consumed worldwide has increased quite dramatically, particularly amongst adolescents and young adults whose lives are usually under immense stress and fatigue.

Energy drinks and other similar artificial supplements are classified as convenience products, and so, they are aggressively marketed with the claim that these products will provide consumers an energy boost to improve both their physical and cognitive performance. Mass advertising of a product will most likely increase its demand, eventually causing most consumers to become addicted to it.

**“These cans of energy drinks have some enticing, very sexy-sounding claims -- that they lift you up, that they give you more energy. Frankly, they're nothing much more than caffeine in a can with a lot of sugar.”** DR. Liz Applegate

There have been several studies that illustrated the negative side present in the overconsumption of energy drinks, which are somehow linked to adverse health effects, such as increase in heart rate and thus in the arterial blood pressure in the hour that follow its consumption. This is particularly noticeable in the case of children and teenagers, as they cannot safely consume as nearly as much caffeine as adults.

Our product arose from that specific need for a product which has the same finality, with far fewer secondary effects than the current ones.

The WATT is aimed to anyone that suffers from a very busy, stressed and tiring lifestyle, or for those who just need an extra boost of energy during the day. By consuming our innovative product, consumers can enjoy a candy which has the same outcome but without having to worry anymore about the unhealthy high levels of sugar inside each energy drink, (35g / 5 tea spoons of sugar), and most important, one of its most harmful components, caffeine.

We estimate to conquer a fair share of the market related to the consumption of chewing gums, and regular candies, as there is no similar product as ours in the market, which makes for a perfect environmental condition to develop and implement our product.

All this analysis will be explained in greater detail in the following sections, as we will present our product's strategy, its strengths, weaknesses, opportunities and threats. We will also detail how the market was segmented and targeted taking in consideration the data collected from the survey. Finally, a comment on the objectives and actions taken for each of the Marketing Mix elements will also be made.

## Strengths

- **Practical and Convenient:** Our product has very practical dimensions, that enable its consume everywhere and when the consumer wants, contrasting with other goods present in the market such as coffee and energy drinks. The consumer can also carry as many as he wants with him at all times, something that he could not do with the other two goods mentioned.
- **Healthier Alternative:** By being made from organic energetic ingredients, such as natural ginseng and cordyceps fungus extracts, we differentiate ourselves even more from the current energetic goods available in the market, that are proved to jeopardize our health.
- **Diversity of flavours:** There is a very big pallet of different flavours that can be used in the production of Watt candies, being easy for the public to find one that appeals to them, as there are many people that don't like the taste of our competitors' goods.
- **Low price:** As the production in a factory (would require investors) would make it possible to sell this product at a lower unit price than our competitors', we are confident that many are the ones that would prefer to buy energetic products from us than from the more expensive alternatives.

## Weaknesses

- **Low negotiation power:** In the beginning of our project, as we do not have any investors and no one that would represent us, the negotiations between Watt and factories/sales intermediaries would be very difficult as we have no power against big



firms, so the initial retailing price would be higher than the optimal and our marginal revenue per unit sold would be very low.

## Opportunities

- Increase of sporting and health awareness: Nowadays, sports and physical activities are becoming a very normal practice among our society and even those who have a very busy schedule get some time of their day to develop healthy routines that require extra energy spent. Besides that, people are more sensitive when it comes to what they consume, meaning if it is healthy or possibly harmful for their bodies.
- Increasing number of gyms: As the number of gyms is increasing in Portugal, this would make us able to reach consumers that would eventually buy the product, more easily.

## Threats

- Already established products: Highly known energy drinks such as Red Bull, Monster, Burn and Gatorade own the market when it comes to similar goods, and it could be difficult to make loyal consumers prefer Watt to them and to coffee, at the same time.

The main purpose of this survey was to better understand the market we are dealing with, in order to have a strong marketing plan in tune with the reality of the market characteristics. To achieve this, questions were made to random people about the topic of energetic products, about the characteristics desired by the possible Watt candies' future consumers as well as demographic questions in order to develop the targeting of our product. The questions chosen are present in the survey, which is in appendix.

Having gathered all data from our enquiries we were able to identify a huge market segment from the general population in our surroundings that consumes some sort of energetics products.

From the answers collected, (graphic 1), 89% of our sample consumes at least one energetic drink (including coffee) per week and 67% present themselves as avid consumers, having six or more of these products per week. Amounting at least two energetic drinks (including coffee) per day, these consumers display once again a big market cap in this area.

Despite the favourable results above, our product is not an energetic drink. Therefore, it has different characteristics that brings up the question present in the graphic 2: do you usually consume energy products other than energy drinks or coffee?

Keeping in mind the popularity of energetic drinks (covering 75% of the market), there is a bracket of 25% of people that are also interested on energetic products different to the traditional ones (Graphic 2) , for whom our product would be suitable.

As it is shown on graphic 5, the convenience of an energetic product is the most important aspect, which gives our concept an advantage, being easy to carry and long-lasting.

The second aspect to consider is the intensity and, therefore, Watt candies will be offered in a range of 3 strengths: S (soft), P (power) – the medium intensity - and B (blast). This allows the consumer to choose the candy more suitable to the moment and gives us more marketing

possibilities. Finally, let's approach flavours (graphic 3) and prices, two very important factors to the consumers and to production process.

The results gathered are once again surprising, as 61% of the possible consumers are willing to pay for a box of Watt candies more than 1,40€, average price of a gum box, as seen in graphic 4. With this retail price, high profit margins alongside big incomes, generated by the national sales, are expected.

At this point we were able to conclude that there is a market for our product, even though it was not asked directly. Just after the collection of this data, our concept was presented and the response was very positive, with 62% of the sample interested and 28% of the sample maybe interested, fraction we considered that could be convinced otherwise by our marketing strategy.

Continuing the costumer analysis, some demographic questions were made in order to gather information which allows us to be more precise and more effective in the targeting of our product.

The obtained results show us that more than 50% of our enquiries do not sleep the 8 daily recommended hours (graphic 7), which directly correlates with a higher energetic products consumption. This shows us that this kind of energetic products are used as a tool to replace hours of rest and sleep in an attempt to maintain productivity levels.

A similar relation can be identified in the frequency of exercise one has. Close to 70% of our answers (graphic 6) show us a higher exercise practice, in particular those who have a 4 to 5 frequency are more prone to display greater energetic products consumption.

We were able to obtain a very balanced sample in terms of genre (graphic 8) which means we can't really say with confidence that the male or female audience is substantially more prone

to consume energetic drinks. Consequently, we can in no way ignore any audience, as both consumers represent a huge portion of this market.

This survey was mostly shared between students what explains why 67% are below the age of 30 (graphic 9). However, we can still develop a consistent and strong marketing strategy from this data as students represent one of the prime markets in Portugal.

Segmentation is a process in which we identify, within a heterogenic market, a large variety of groups with different characteristics who have, in each segment, similar product preferences.

As each segment possesses similar needs and preferences, it's most likely to find consumers who are a better fit and might get interested in a certain product.

These same consumers can later be targeted with more efficiency, using different marketing strategies for each segment, as this are groups with the biggest potential growth for the market and thus more likely to be profitable.

***"Don't find costumers for your product, find products for your costumers."***

*Seth Godin*

There is no unique or best way to segment the market, but there are certain variables towards segmenting that allow for a further productive and effective targeting.

After analysing our survey results, we managed to divide our population into 2 groups with homogeneous traits.

## Demographic

Market segmentation method that takes into account age, gender, occupation, amongst many others.

Firstly, based on graph 11, we managed to differentiate two different segments: the first from 11 to 20 years old, labelled as adolescents, and another from 21 to 30 years,

classified as young adults. Adolescents and young adults represent 38% and 29% of the population respectively (the highest response rates on the survey), which belong to a younger generation, and therefore most of them are still in school, university or beginning their professional life. On account of the accumulated stress associated with their daily life, these two groups are commonly characterized as more dependent on energy drinks, as seen in Table 1.

Secondly, we divided the samples according to the occupations of each consumer, and divided them into two separate groups: Students, (which represent 53% of our survey responses), and other professions with the highest responsibility standards, that include: Managers, Air Traffic Controllers and Pilots, Doctors and Stock Brokers, (totalling 23% of our survey response rates).

## Psychographic

This variable divides the markets based on the consumers interests, personalities and lifestyles.

In respect to psychographic variables we managed to divide the population into four segments of consumers with the most suitable profile for our product: people for which energy drinks have great importance in their lifestyle (Figure 2), the number of hours slept per day ( Graphic 7), how often they practice physical activity (Table 2) and finally how stressing their job is (Table 3).

According to survey results, it is possible to link a greater amount of energy products consumption with fewer hours of sleep and a more stressing job.



This process involves dividing the market into wide range of segments and then selecting the appropriate segments for the market in which the product will be inserted. After this, the company will focus its different marketing strategies in each of the chosen segments.

In this process, we choose to target only the people who said to be interested or “maybe” interested in our project, as these last ones may become future consumers if they are correctly approached.

As our product is introductory in the market, we cannot fully conclude if it will or not be a viable product in the long term, based only on a sample with few people.

Considering that more than half of the sample were friends or known relatives, we are aware that our survey results are somewhat conditioned.

Because our survey mostly reached people aged from 11 years to 30 years old, we are going to direct our marketing strategies according to that demographic distribution.

*“Market Positioning refers to the ability to influence consumer perception regarding a brand or product relative to competitors. The objective of market positioning is to establish the image or identity of a brand or product so that consumers perceive it in a certain way.”*

If you are someone who struggles with a highly stressful life and consistent lack of energy to face it, the Watt offers a wide range of flavourful energetic candies, that deliver cheerfulness like any other energetic product out there, so you can hit the restart button at any time of the day, because we care about guiding you to live life to the max.

Our product enables us to have the competitive advantage of being the only firm in Portugal that commercializes portable and differently flavoured energetic goods.

Therefore, once we already know some of our competitive advantages, we can delineate our positioning strategy. These advantages give us the opportunity to be seen as an innovative and consumer focused brand. We want people to perceive us as a crucial part of their day, giving them the energy they need to prosper and overpass any challenge. Watt wants to be something that gives them a good balance between their professional, social and personal life, making it easier.

Now, when talking about the value propositions of this product, we forecast it to be among other goods that offer more to the client, but for a lower price (if we succeed to negotiate with factories). We can offer something that our competitors cannot - the various flavours at disposal, the benefit of being able to carry it anywhere and the fact that it is made only by organic products that do not do any harm to the consumers' health – and even for a lower price per unit.

## PRODUCT

A product is something that is used in the market to satisfy consumers' needs and wants, by providing them utility and satisfaction. It includes tangible and intangible goods.

The Watt is a product, and so it is a pure tangible method of satisfying the consumers in the energy product market.

Our product idea consists in offering consumers an alternative for the unhealthy sugary and caffeine abundant brands positioned in the market.

The conception we want our targeted segments to have of our product is that it provides them the same finality as the ones they already consume, which is to provide consumers energy and decrease their fatigue and stress levels, all that with far less health damaging effects. Our product differs from others as a result of substituting caffeine for ginseng and Adaptogenic Herbs Cordyceps, extracts which give an energetic and awake sensation without provoking higher blood pressure rates. When analysing the constitution of our competition products, (energy drinks market), we verified that none of them contained magnesium and iron, ions more than essential to the energy metabolism because with the increase in physical and mental activity, the cellular respiration also increases, and so does the necessity of oxygen by our body, which finally leads to a greater need for iron and magnesium.

## CORE PRODUCT

The core product represents what the consumer is actually buying, and the answer to this is rather simple. Our consumers buy a healthy alternative and above all else, a solution, whenever pack of Watts is bought.

The core of our purpose towards costumers is provide them the best way possible to lead a healthier lifestyle.

## ACTUAL PRODUCT

The core product consists in the tangible and physical part of our product, in a way, what use you get out of it.

Our product includes a considerable number of features such as its packaging, design, quality level and the brand name.

In respect to its packaging, our Watt's will be kept within a small box of 10 candies, with a specific compartment for each unit. The fact that each candy is isolated from the others allows the consumer to take only one candy at a time, granting a better hygiene because it seizes to exist the problem of having a lot of unwanted candies in your hand. Besides that, we aim to be the most environmentally friendly possible, reason for which we will make it a reusable recipient made from recycled metal in order to better protect the candies properties. The box design will incorporate various shades of yellow and similar warm colours, (depending on the flavour a different layout will be set), since it has been proven to increase mental activity by stimulating the brain, which consequently creates a sensation of hunger and appetite. The frontal exterior part of the box will have the company's logo, (Figure 8), as well as the maximum recommended per day whereas the back of the box will contain the candies

nutritional information, and its ingredients. Regarding the quality level, all our ingredients will be of high-quality, carefully selected amongst our suppliers, since this product has a very specific finality that cannot be compromised, in order to avoid health problems and to maintain a prosper relation with our consumers. Finally, we choose the brand name “Watt” in an attempt, to relate the unit of power, watt, with our product’s finality which is to provide people with the energy they need. Take in attention that the “Watt” is drawn in a very expressive way, in order to resemble the motion of energy or physical activity. This is because we intend to target a younger audience as well as sportsmen/women who might relate with our brand image.

## AUGMENTED PRODUCT

The augmented product consists in a none physical part of the product.

Regarding the augmented product, we plan on arranging an online supporting contact on our website, so that we can help answer all their doubts, analyse the comments and opinions given in order to maximize the benefits and satisfaction of our customers by constantly upgrading the product in any way possible.

In terms of delivery and geographical distribution we plan on beginning with the Portuguese market, as there aren’t any similar competitors, so we could attain a large market share. In the future, the expansion possibility will always be a reality if all goes accordingly in the beginning.

## PRICE

As it was shown on the survey analysis, the price is one of the main factors in the choice of an energetic product. Therefore, its analysis is essential for successful product sales.

The final price is based on several costs, being the production cost by unit the first one. To have a better perception of what it could look like, we did a simulation of a Watt candy's cost, (Figure 7).

Based on this estimation, the cost to produce a Watt candy would be 0,04€ and 0,40€ to produce a box with 10 candies. This simulation includes the production process cost (that includes the use of machinery), all raw materials, labour (considering a 600€ salary per month), packaging and storage costs.

When analysing the answer of question 8 of the survey, it is shown a great willingness to pay for this product, as 61% of the sample was willing to pay for a box of Watt candies more than 1,40€. Although this data gives us confidence to set a relatively high price, we think is better to enter the market charging a value that doesn't surprise the costumer. If a box of Watt's has the price of **1,50€** is still above the average price of a gum box, something that resembles its *premium* character, and still gives a gross margin of 1,082€ per box, which is 72% of the retail price.

## PRICING STRATEGIES

As our product is, at least in Portugal, something new and something that does not exist in the form we offer, it may be considered a market of pure monopoly. Being the



only company that offers this kind of energetic product, we are able to determine the price and marketing strategies without the interference of other sellers. However, despite being products with different characteristics, the energetic drinks or even coffee should not be forgotten, as consumers can choose to stick with these more traditional energetic goods. From this perspective, we would fit in a monopolistic competition situation.

As explained before, the price proposed for a Watt box is a bit higher than the usual box of candies or gums. The main cause is the fact of being a totally different product with an energetic purpose, but also with the goal to get maximum revenue from the market before another similar product appears. This is called the market skimming strategy, which allows us to adjust our price (lower it) when competition starts to emerge to get once again strategic advantage. The price proposed was also based on the customer willingness to pay, as it was one of the questions made on the survey.

Therefore, the value-based pricing strategy was used as well, which helped a lot in our situation, where production costs are very low compared with the retail price.

Finally, due to the characteristics of our product, pricing strategies like cash discounts, quantity discounts or segmented prices would not be very effective for better sales.

## PROMOTION

In order to best communicate our product to our target audience, we came to the conclusion that we might need to engage in multiple strategies to achieve that goal.

Firstly, it is of major importance to say that we will predominantly resort to the Push strategy as we think it is critically important to persuade customers through a retailer.

People are very conservative when it comes to what they eat and drink, they only consume the goods they know that are reliable and that will not do any harm to them. So, we need our product to be partially introduced by big chains of food distribution, such as known supermarkets, where costumers usually go and trust for theirs and their families' nourishment. We need people to perceive us as something they can trust if we want to generate sales and create brand loyalty.

Another thing we are confident about is the process of word of mouth. We believe that costumers will be satisfied by the benefits of our product, therefore we hope they feel like sharing our product with those around them, that many times have some of the same routines and might be new potential buyers of Watt candies.

## PLACE

One product's success is not determined by its potential alone, but rather by how it is linked to its potential customers. In today's current market, a better product can easily be missed and forgotten if it is not able to compete with competitor's distribution channels and that is why we used our survey to first understand where our clients would like to find our energetic candy (Graphic 10).

As shown trough the survey results, we can see that each of the options presented has a very significant role in consumers preferences. Convenience being one of the main values that drives our product, together with potential customers desire of having our product always close and available, we are adopting an intensive distribution market strategy.

Taking into consideration the fact that 88% of our customers want to find our product in supermarkets (graph 10), we understand that teaming up with strong and efficient distribution channels that have great exposure to retailers is the right path to follow, as this is also the best way to perform an intensive distribution with the lowest number of intermediaries possible, while maintaining high margin profits at the same time.

Consequently, working with SONAE group would grant us access to a large network of retailers, such as Continente where our product would fit in perfectly, as Worten where WATT could be associated with their gaming section showcased as a performance booster, which would also suit Sport zone clientele. The same happens with Jerónimo Martins group, where we would have the possibility to showcase our product at Pingo Doce supermarkets. Further down the road the use of these indirect channels would eventually allow us to expand worldwide using both groups strong international network and presence.

Moreover, to fully commit to our value of convenience, we will make the use of smaller and local channels to make WATT available in the largest number possible of cafes and pharmacies around Lisbon and Oporto in the initial phase, instead of the whole country, as we need to prioritize supermarkets supply, avoiding at all costs a shortage of our product.

On the other hand, making use of direct channels, we are going to sell directly to Vending Machines and gym firms, eliminating intermediaries in the process. The Vending Machines containing our product would obviously be placed in strategical points within the larger cities, like around universities, sports, or gaming centres. These machines would also be used to “substitute” supermarkets and other retailers in more remote places, where demand for energetic products does not justify putting Watt for sale in larger and more expensive retail places.

Geographically speaking, making the use of our distribution strategies mentioned above, we would be able to display our product nationwide at a high pace, creating a “blast” effect in the market.

As all start-up businesses, our project may face some limitations, especially on an early phase.

- Market Affirmation: Being a new product concept, Watt candies may take some time to establish their position in the market. In those early stages, there is a high chance that profits are not very positive.
- Low negotiation power: As it was explained before, the first deals with factories and sales intermediaries are for sure not an easy task to accomplish. Our lack of investors and no one with a “big name” in the market that can represent us are factors that stop us from competing with big firms in negotiations.

We honestly believe our product has the potential to improve peoples' lives, helping them not only in their professional lives, but also in their day to day activities while remaining as healthy as possible, all that by simply:

## GETTING A WATT

Undeniably, the responses to the survey we led demonstrated a huge interest in our product, which leads the conclusion that this type of product has a quite high demand. The data we collected also showed us that most costumers are willing to pay a relatively fair price when comparing to other products in the same market.

We hope our product can make a difference in all our costumers lifes, so that we keep earning their confidence and loyalty year after year.