



health
flavours
experience
exclusive
energy
pure
sport
simple
fresh
green
lifestyle
discover



HEALTH TEA MARKET IN DENMARK

IP Consider '13 | Group 12

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Executive summary

This assignment is a part of a programme called Consider '13. The program emphasis is on consumption identities and differences European Research. The group was assigned to develop a marketing strategy for coffee or tea in Northern Europe. These markets and consumer preferences, attitudes and behaviour were analysed using both primary data, through a qualitative study and secondary data. Through a desk research it was obvious that the Scandinavian market is somewhat similar, however it is not a uniform market and therefore the group took a strategic decision on entering the most prominent of the Scandinavian markets.

The health tea segment was selected due to the strong demand that is forecasted to be triggered by a health trend that is an on going trend in Scandinavia. The research question is:

Which is the most attractive market for health tea in Scandinavia.

The group evaluated the three Scandinavian countries: Denmark, Sweden and Norway. The team took the strategic decision based on the research, of marketing a health tea product in the Danish market based on three main reasons, who simultaneously answers the research question: 1) Team members cultural and language knowledge of the Danish market, 2) The health tea segment is the biggest in Denmark of the three countries, please see picture 2 and finally 3) The health tea segment is the biggest and fastest growing segment in Denmark and Danish people have the tendency to be more accustomed to drinking tea when selecting a soft drink than Norway and Sweden.

The health tea market in Denmark has three major players: Pickwik, Lipton and Twinings along with other smaller ones. The product planned is a green tea product containing Scandinavian herbs, as Danish people tend to prefer local products. The brand name is Healthé, the packaging is cartoon and the tea will be placed in tea bags. Positioning of Healthé is mainly based on lifestyle segmentation with healthy lifestyle being the main driver for the positioning. The key attributes of the product will be embracing energetic, healthy and happiness with benefits from Scandinavian nature. To promote the product integrated marketing communication plan will be implemented. The promotion of the product will be with GWP's and not discounts as Healthé is a premium product.

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1. Introduction and research question

This assignment is a part of a programme called Consider '13. The program emphasis is on consumption identities and differences European Research. The group performing this assignment comes from various countries in Europe.

The group was assigned to develop a marketing strategy for coffee or tea in Northern Europe: Denmark, Norway, Finland, Estonia and Lithuania. These markets and consumer preferences, attitudes and behaviour was analysed through both primary data through a qualitative study and secondary data. Through a desk research it was obvious that the Scandinavian market is somewhat similar, however it is not a uniform market and therefore the group took a strategic decision on entering the most prominent of the Scandinavian market, with the choice of entering the rest of Scandinavia after having gained knowledge and learning experience. The definition of Scandinavia is Denmark, Sweden and Norway according to (The Scandinavian Tourist Board, n.d.). Consequently the research question is: Which is the most attractive health tea market in Scandinavia?

2. Scandinavian tea market

Strong demand is forecasted triggered by health-focused advertisements and government policy. A health trend is an on going trend in Scandinavia (Euromonitor International, 2006). Women and younger people are more open to new products and new taste experience concerning tea. Green tea brands are expected to provoke the most dynamic retail volume sales growth and that is projected to be driven by increasing health consciousness (Euromonitor International, 2006).

3. Health tea category

The health tea market is defined by Euromonitor (2006) as follows:

“Supported by on going medical research findings, green tea and fruit/herbal teas are widely perceived to have “medicinal” properties, and continue to benefit from widespread consumer concern about healthier living [...] in the light of the health and wellbeing trend, Euromonitor International anticipates the rise of purpose-marketed teas such as 'digestive tea' and 'calming tea' which engage consumers and provide a point of differentiation in saturated markets. Due to on going medical

research findings, GREEN tea and FRUIT/HERBAL teas are perceived to have medical properties and they belong to the category of health tea.”

Based on our findings the health tea is the most attractive category to enter for the Scandinavian market (Euromonitor International, 2006).

4. Selecting the most attractive market

In this section there will give an explanation on how the team came to the conclusion of selecting the Danish market as a starting point in Scandinavia.

4.1 Selecting Denmark

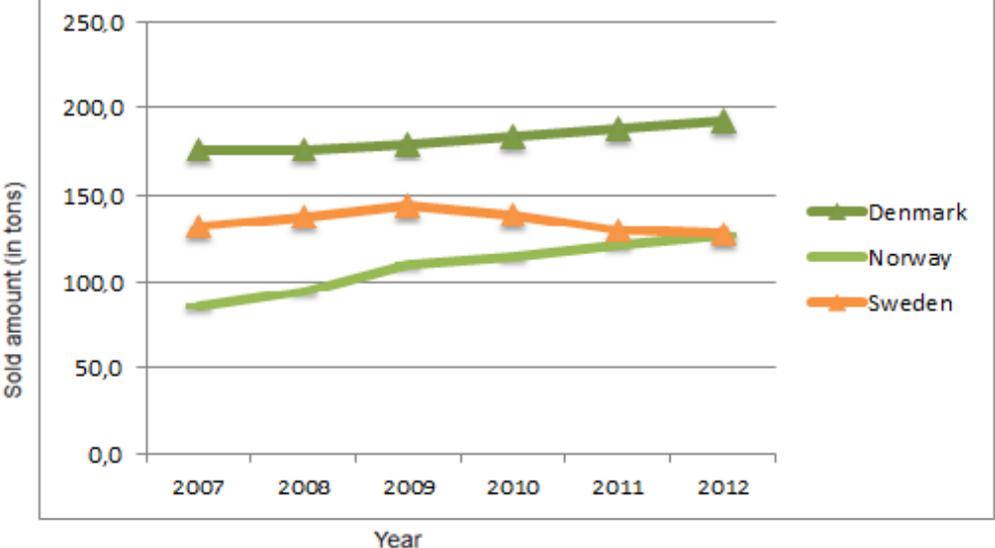
In order to answer the research question: „Which is the most attractive market for health tea in Scandinavia“ a desk study was conducted using Coberen (2013), Euromonitor (2006, 2012, 2013) and literature on cultural distance by Ghemawat (2001) was reviewed.

According to the Coberen survey (2013), Danish people have the tendency to be more accustomed to drinking tea when selecting a soft drink than the other two countries in question. Please see picture 1. The desk research also showed that Danish people are health conscious (Euromonitor International, 2013).

The way people interact is governed by cultural attributes. Language, religion, race, social norms are the main cultural distance making factors of countries. Cultural distance has effect on trade. Countries that share language will have three times more trade between them than countries with non-common language. Some features of culture are less obvious than the language such as social norms and deeply rooted values that guide daily choices and interactions between individuals (Ghemawat, 2001). Three group members are accustomed with the Danish culture and know the Danish language, which will be an asset entering the market.

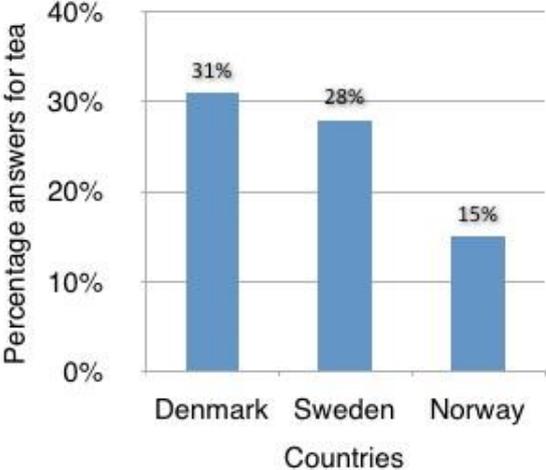
The group took the strategic decision of marketing a health tea product in the Danish market based on three main reasons: 1) Cultural and language knowledge of the Danish market, 2) The health tea segment is the biggest in Denmark of the three countries, please see picture 2 and finally 3) The health tea segment is the biggest and fastest growing segment in Denmark (Euromonitor International, 2013) and according to Coberen (2013). Danish people have the

tendency to be more accustomed to drinking tea when selecting a soft drink than Norway and Sweden please see picture 3.



Picture 1 The Scandinavian health tea market

Consumers answers=tea for question: "What are the non-alcoholic beverages you are mostly used to?"



Picture 2 The question “ What are the non-alcoholic beverages you are mostly used to?” percentage that answered “tea” (Coberen, 2013)

4.2 Competitive advantage

Being proficient in a foreign market depends on a combination of various sources, but the firm’s integrating capabilities are considered as one of the most important things in this matter. That is a collective learning process and can be classified into both personal and

corporate categories (Hollensen, 2007). That is why the team decided to focus on the Danish market to gain knowledge and follow the learning process in order to be successful in whole Scandinavia at a latent point. A firm can have a lot of competencies but only a few core competencies. With well-formulated core competences that are difficult to imitate, firms are likely to earn long-term profit (Hollensen, 2007). The team had this in mind throughout the process of the product development and marketing strategies for the brand Healthé that has been created and will specialize in Health products, please see a more detailed explanation of the product and promotion in the chapter on marketing mix.

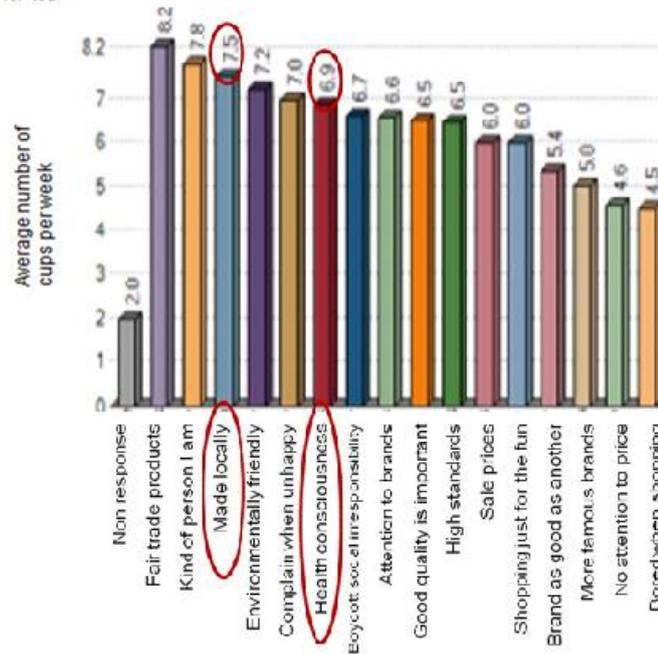
5. Selecting health tea market in Denmark

This chapter contains an analysis of the tea market in Denmark. In addition there will be an analysis on the competition in the respected market.

5.1 The tea market in Denmark

Health and wellness trends boost total volume sales of green tea and other fruit/herbal tea in Denmark. Green tea is the best performing major category in tea in terms of retail volume and retail value growth with growth of 3% and of 7% respectively for years 2010 and 2011 (Euromonitor International, 2013). Black tea suffered a decline from the good performance of green tea and fruit/herbal tea (International Euromonitor, 2012). Based on this information, the team took the decision of producing green tea with health benefits from Scandinavian herbs. The target would be younger people that are health conscious. Including Scandinavian herbs will give the product an added value and additionally Danish people that prefer local products drink more tea according to Coberen, please see picture 3.

Cross-Analysis
 Question nr. 1: 122- "Do you agree with the following statements"
 Question nr. 2: 55- "How many cups of tea do you drink approximately every week?"
 → Answer for 'tea'



Picture 3 Cross-Analysis (Coberen, 2013)

5.2 Trends

The documented health benefits of green tea contributed to the retail volume growth. For example the claimed effects to help prevent cancer and diabetes and to help to gain weight loss are some of the health benefits consumers are concerned about. These claims attract consumers, especially female consumers with concerns about their health (International Euromonitor, 2012). According to Euromonitor (2012), consumers' curiosity and willingness to experiment resulted a strong performance in the health tea sector. This opens a great opportunity for new products like the product that the team has planned, to enter the market.

5.3 The competition and positioning on the Danish tea market

Regarding competitive landscape in the tea market in Denmark, dominating companies are Merrild Kaffe AS, a domestic enterprise whose most important brand, Pickwick (licensed by the Dutch company Douwe Egberts) has a 27.1% share and Unilever Danmark AS, with the well known brand Lipton (share: 20.4). The 3rd company on the Danish market is the Norwegian Haugen-Gruppen AS (share: 13.2), which distributes Twinings in the

Scandinavian market. Other company has a market share lower than 10.0%. The 4th and the 5th brand, House of tea and Coop (share 5.5% and 4.8% respectively) are private label of department stores: Dansk Supermarked AS and Coop Danmark AS. More interesting is the 6th brand, Fredsteds (owned by the Danish company Fredsteds), which proposes quality products. Urtekram, a company specialized in organic products (food, but also body care products), offers a variety of organic tea, but in its range of products green tea is not included.

Most of brands offer in their lines of products green tea, even if some companies (g. e. Urtekram) are more focused on organic products and not on healthy products. Most of international brands, such as Pickwick, Lipton and Twinings focused their promotion on properties of tea, which is proposed as an healthy hot drink. Increasingly relevant in the Danish tea market is the role played by private label companies owned by department stores (g.e. Coop Danmark, Dansk Supermarked, Spar, Lidl, Aldi...), that increased their share from 18% to 19% during 2011, becoming, considering them all together, the 4th brand after Pickwick, Lipton and Twinings. Also these brands generally propose green tea products and there is no evidence of lower quality of these products respect to more popular brands. Anyway, international brands benefits from activity in terms of new product development and innovation. In the meantime, the three leading companies in tea suffered a decrease in their retail value, mainly due to the rising of private label. Moreover, there are niche products, such like Ægte Venustorn Te, a herbal treatment for moderate pain of sore joints and muscles, as well as loss of appetite and indigestion (International Euromonitor, 2012)

Table 1 Tea brand shares by retail value (International Euromonitor, 2012)

Brand	Company	% retail (2011)
Pickwick	Merrild Kaffee A.S.	27.1
Lipton	Unilever Danmark A/S	20.4
Twinnings	Haugen-Gruppen Denmark AS	13.2
House of tea	Dansk Supermarked A/S	5.5
Coop	Coop Danmark A/S	4.8
Fredsted	Fredsteds A/S, The	4.7
Urtekram	Urtekram A/S	2.8
Aldi	Aldi Marked AS	2.3
Medova	Unilever Danmark A/S	1.9
Lord Nelson	Lidl Danmark K/S	1.8
X-trade	Coop Danmark A/S	1.8
Yogi	Urtekram A/S	1.7
Spar	Spar Danmark A/S	1.6
Urte	Urteteket ApS	1.0
Ægte Venustorn Te	Natur Drogeriet A/S	0.9
Frugt The	The Kompagniet A/S	0.8
Carøe	Unilever Danmark A/S	0.7
Irma	Coop Danmark A/S	0.7
Princip!	Dansk Supermarked A/S	0.5
Ånglamark	Coop Danmark A/S	0.3
Halslindrende The	Natur Drogeriet A/S	0.2
Be Fair	Befair ApS	0.2

5.4 Qualitative study

In addition to the quantitative data reviewed for instance in the Coberen database and Euromonitor, more detailed information was gathered through conducting qualitative interviews. In a first step, a frame was built, including a short introduction and questions to be asked, please see appendix. When building the frame, the importance of having the questions clear, asking only one question at a time and focusing on open questions, was had in mind according to what Merriam (2009) recommends. In total, three in-depth interviews were conducted with interviewees that represent the main target group, i.e. young female health conscious Danish citizens. Concerning the insights gained, it became obvious that tea is preferred to be consumed at home. There seem to be three typical situations for drinking tea: in the morning for breakfast on a regular basis, with friends in the afternoon or alone for warming up or to relax, feeling “hyggelig” (cozy feeling) and have a couple of minutes for yourself. Interestingly, there was no tendency for drinking either coffee or tea only. The interviewees all agreed on drinking both tea and coffee, depending on the day which of the beverages is chosen. In regard to the flavour of the tea, various flavours were named, including green tea. However, green tea seems to be only one choice out of various flavours and not necessarily the most favourite one. Tea in general is prepared with tea bags and the first place for buying is the supermarket. When associating the pictures with the adjectives given, it became clear that two of the chosen picture were not perceived as suiting to the characteristics of the new product developed.

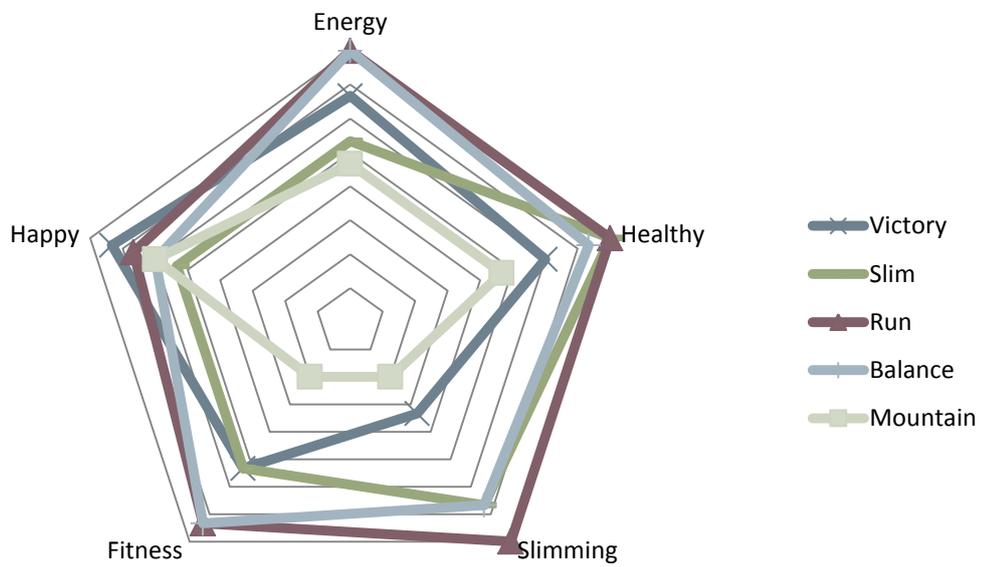
5.5 Perceptions of images

In the second part of the interview a group of pictures was shown that were ranked individually with adjectives that represent the qualities connected with the healthy tea product being developed. The other three pictures “balance”, “run” and “success” were the highest performing in the sense they captures the wanted qualities tested in the interview. Please see picture 4.



- 1. Victory
- 2. Run
- 3. Mountain
- 4. Balance
- 5. Slimming

Perceptions of images



Picture 4 Respondents perception of images shown to them

5.6 SWOT

		Helps reaching goals	Hinders reaching goals
Outer (has to do with the environment)	Opportunities	<ul style="list-style-type: none"> • <i>Health trend</i> • <i>Increasing sales volume of the health tea market</i> • <i>Rising consumer expenditure</i> • <i>Local Brand preference</i> • <i>Governmental support of health products (e.g. taxation)</i> 	Threats
	Strengths	<ul style="list-style-type: none"> • <i>Unique product containing Scandinavian herbs</i> • <i>Multinational staff</i> 	Weaknesses
Inner (has to do with the			

6. Objectives and marketing plan

This chapter contains the financial and marketing objectives along with the marketing plan

6.1 Financial objectives

The financial objective is to maintain 21% margin.

6.2 Marketing objectives

The marketing objective is to gain sales of 418.000 dkr. for the first year.

6.3 Marketing plan

6.3.1 Product

Healthé is a new kind of premium healthy tea made with a mixture of green tea and Scandinavian herbs fresh from the nature. It is a product that combines energetic, healthy and happiness.

FRESH + PURE + SIMPLE = HEALTHE

Healthé is a healthy tea that offers the health conscious consumers a chance to be in control of his & her wellbeing. With the antioxidants and other health benefits that Healthé offers it gives the consumers an unique chance to be both healthy and enjoy the great tastes of the North at the same time.



Picture 5 Outer packaging and teabags for healthé brand

6.3.2 Price

Healthé is a premium healthy tea and it will also be positioned pricewise within the premium category. The premium quality comes from the combination of locality and quality of the ingredients used to produce the tea. Since the main distribution channels will be grocery stores the price of the Healthé tea product will be positioned so that it fits to the consumer perception of the prices in these distribution channels.

6.3.3 Place

At the beginning Healthé will be only launched in the Danish market and more precisely first in the bigger cities of the country. Because of entering into a new market the indirect

distribution will be used. Healthé will be sold to our wholesalers, since the contact in within the local retailers are limited. The knowledge of the local branded partners also provide a possibility for a more powerful sales force and cost efficiency in the sense of shared marketing expenses with the wholesalers. In the future the possibility to extend sales in other Scandinavian countries will be evaluated.

A strong reason behind the chosen distribution channel is also based on the consumption habits found in Coberen and Euromonitor “Tea in Denmark” (2012). According to these sources the most used buying channel was clearly the supermarkets and grocery stores. Also the performed interviews proved that tea products were mainly bought in these channels.

The answers for question ”Where do you buy your mostly preferred drink?, Filtered for tea, (Coberen, 2013).

6.3.4 Promotion

As Healthé is a product that combines energetic, healthy and happiness these elements are also seen in the promotion campaign. The slogan for Healthé is translated into Danish so that it will have a more local feeling. Freshness and differentiation from the more traditional teas are also taken into consideration when designing the promotion campaign.

The team will focus on the national and traditional anniversaries (e.g. Mother’s Day, Christmas, St. Patrick’s Day, Earth Day). In the sales promotion there should also be organized tea parties and Healthé parties on a monthly basis. In direct marketing there should be created a message network from which the customers get a possibility to gain information and knowledge about teas and healthiness. With the Facebook page we want to be closer to our customers and reach to gain their loyalty with the public relation activities. On the website the customers can get information about the company as a brand and they will also have the possibility to tell their opinions about the Healthé product, please see the IMC in table 2. As a brand that aims to be local it should also be a part of the Danish events such as Copenhagen cooking in August and other events connected to health in order to underline the health factor of Healthé.

Table 2 Integrated Marketing Communications Plan

Integrated Marketing Communication Plan for 2013												
	Aug	Sept	Oct	Nov	Dec	Jan	Febr	March	Apr	May	Jun	July
Advertising												
Print Media								St. Patrick's Day		Mother's Day		
Broadcast Media					X-mas							
Sales Promotion												
Tea Parties								St. Patrick's Day	Earth Day	Mother's Day		
GWP										GWP	GWP	GWP
Direct Marketing												
Newsletter												
Public Relation Activities												
Facebook page	Posting every week											
Website	Keep contact, blog writing											
Events	Copenhagen Cooking											

6.3.5 Packaging

The design of the packaging was mainly based on the attributes that were designed to describe the product: energetic, healthy and happiness. It is also in line with the pure, simple and fresh qualities that are clearly connected to the Scandinavian simplicity since the product aims to embrace the northern cultures. The slogan in the packaging is also aimed towards the Danish markets so that the local feeling is captured with the Danish language. Also the materials of the package are considered so that it captures the essence of the product being also sustainable and simple.

6.3.6 Positioning

Positioning of Healthé is mainly based on lifestyle segmentation with healthy lifestyle being the main driver for the positioning. The key attributes of embracing energetic, healthy and happiness will also help us define our consumers. We are trying to differentiate Healthé from the other tea products by trying to create a fresher picture of tea. Besides these attributes the healthy tea is also positioned in the premium category. As seen in the Coberen studies the top attributes in the consumer mindset when asked about tea are good quality and health consciousness and these are also the attributes that we are aiming towards in our positioning of Healthé.

7. Conclusion & limitations

After the research conducted during the Consider '13 programme with both secondary and primary data we have reached the point in which we can give answers to our research question "Which is the most attractive market for health tea in Scandinavia".

As pointed out before the cultural and language knowledge of Denmark and both the size and the expected growth of the health tea segment in Denmark are the arguments on what we base our decisions on considering the market choice. With these arguments the Danish market was a clear winner for the team.

Considering managerial decision deficiency of the amount of both data and time the findings cannot be interpreted to be complete to use as bases for managerial decisions. The results will give guidelines for future studies and try to cover an overview of the market. For future recommendations a more detailed study on the market, the surrounding markets and financial facts are needed for managerial decisions.

Within the market the differentiation of Healthé is based on the unique qualities that are the combination of healthy, fresh, local and premium qualities that the product provides for the consumer. These are also the qualities that define some of the characteristics describing our target group of health conscious consumers. This is a lifestyle trend that our product fits into in the growing Danish market for healthy tea. The marketing choices we have made also help to support our aim to reach the health conscious Danish consumers. As seen in the data this is also the segment that is most willing to try new products and therefore is also open to our product.

For the future steps the surrounding Scandinavian countries can provide a possible market to enter. This will need to be more closely examined but based on the data analysed in this project it is safe to say that a more detailed study on those markets is recommended.

Based on our research on Danish tea market, consumer behaviour within the market and on going trends the team offers a product and marketing plan that the team considers suitable and competitive in the Danish health tea market.

Vær god ved dig selv, Healthé.

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Appendix 1 Frame for interview

Introduction

- **Thank you** for taking part in this interview.
- This interview is a part of an assignment in consumer behaviour and we are **focusing on tea**.

Warm up

- Chat about the weather to loosen up.

How, what and when

- Could you tell me about **other hot drinks** you consume besides tea?
- Could you describe the **type of tea you would prefer**?
- In **what occasion** do you prefer drinking tea?
- Can you describe **how you feel when you drink** tea?

Purpose

- What is the **purpose of drinking tea** for you?
- Do you **drink tea to gain some purpose** like some people drink camomile tea to relax, while others have some other purpose?

Age

Gender

City