A Work Project, presented as part of the requirements for the Award of a Master’s degree in Management from the Nova School of Business and Economics.

“HOW TO BRING SUBSTANTIAL GROWTH TO THE JUICES AND NECTARS CATEGORY IN PORTUGAL WITH THE RELAUNCH OF THE COMPAL BRAND”: MARKETING STRATEGY FOR COMPAL SUMMO DO DIA

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06-01-2020
The purpose of this report is to elaborate on the theoretical background of the marketing strategy — segmentation, targeting, and positioning.

**Marketing Strategy**

Brands are able to modify the way their products are perceived by consumers as they build a consistent and strong marketing strategy. (Tybout and Calkins, 2019)

The marketing strategy formation involves a three-step approach: i) analysis of the market; ii) aspiration of what the brand intends to achieve and an action plan; iii) the outcomes for the brand (Exhibit 1). Developing this strategy involves segmenting the market, targeting the most attractive segment, and position the product in the most efficient way. (Dolan, 2015)

1. **Segmentation**

   According to Gupta (2014), segmentation is the “separation of heterogeneous groups of customers with different needs into homogeneous subgroups or segments of customers with similar needs and preferences.” (Gupta, 2014, 2). This process allows firms to elaborate on a more tailored communication, responding to their customers’ needs and preferences in a more accurate way (Gupta, 2014).

   For Kotler *et al.* (2005), a market can be divided into three actions of segmentation: i) mass marketing, where a brand can decide to offer *one size fits all* to all consumers, without any evaluation of consumers’ preferences or needs; ii) segment or niche marketing, that depicts the majority of the markets, where companies divide the market and aggregate homogeneous consumers into considerable large segments or narrower segments, respectively; iii) micromarketing, which practice customized marketing for specific individuals or locations (Kotler *et al.*, 2005).

   Considering Tybout and Sternthal (2010), segmentation must be based on usage patterns, as the authors believe that future usage behaviors are presumably predicted by evaluating current usages. The first step would be to divide the market into subgroups, considering the consumer behavior
pattern. Then, for each subgroup, these patterns would be analyzed in terms of demographics, psychographics, and motivational traits. The purpose would be to calculate, afterward, the attractiveness for each of those segments for the company. (Exhibit 2) (Tybout and Calder, 2010)

Taking into account brand portfolio in segmentation, Kapferer (2012) states that the former is derived from the segmentation elaborated by the company. Despite also considering usage and occasion behaviors for segmentation, the author discriminates several more variables (Kapferer, 2012). An organization can segment the market using socio-demographic, psychographic, benefit, attitude, channel, or price variables (Kapferer, 2012).

For the purpose of this project, the model applied to Compal is the one elaborated by Gupta (2014). This author divides segmentation between B2C and B2B and, then, selects the variables applied for each one (Gupta, 2014). In B2B, the market might be divided using the following variables: geographic, demographic, psychographic, behavioral, and benefits sought (Exhibit 3). Regarding segmentation for B2B, the market might be divided using geographic, “firmographic”, buying approach, behavioral, and benefits sought (Exhibit 4) (Gupta, 2014). Even though, behavioral variables are more accurate to characterize customers, they are more difficult to measure (Keller, 2013). Regarding demographic variables, they entail for more access with customized media, despite presenting a forfeit of relevance with the digital and non-traditional media (Keller, 2013).

For Gupta (2014), as segmentation is chosen by managers and depends on the firm, market, and industry, the process is “more an art than a science” (Gupta, 2014, 5). Nonetheless, it is helpful to integrate segmentation variables within three categories — who, what, and why — of the buying process (Exhibit 5) (Gupta, 2014).

First, a company needs to understand who the customers are. Thus, it must characterize them by demographics, media habits, and lifestyle. Managers usually expect these traits to be aligned with customers’ needs and preferences. (Gupta, 2014)

Secondly, data availability allows companies to have access to past behaviors in order to predict
future ones. Additional research has also shown that using the RFM model — recency, frequency, and monetary value — in segmentation helps to achieve a better prediction of future behaviors. Furthermore, customer loyalty is a good variable for segmentation, as it presents the likelihood of repeat purchase for a specific brand. Hence, companies must understand what customers have been doing and the type of customers they represent. (Gupta, 2014)

Finally, a firm must understand customers’ behaviors to learn about their benefits, needs, and preferences. Uncovering these insights allow the firm to create more oriented products, turn non-loyal customers into brand loyal, or tailor communications and marketing strategies to gain share and increase profitability. (Gupta, 2014)

Relatively to possible analytical methods to identify segments, Gupta (2014) mentioned three approaches. Primarily, cluster analysis, that consists of dividing into homogeneous subgroups based on a set of variables. Secondly, preference-based segmentation, which is based on customers’ intentions. This second method presents two different models. The first uses multiple attributes that a marketeer considers relevant for purchase decisions and asks customers to evaluate them. Regarding the second, the conjoint model inquires customers about making tradeoffs between pairs of products. Lastly, the third method is response-based segmentation, which is based on past behaviors in order to predict future patterns. (Gupta, 2014)

For the purpose of this study, the segmentation of the Juices and Nectars (J&N) market was done by comprehending consumers’ behaviors and preferences, which implied using benefits sought as the variable for segmentation. The evaluation of the primary research allowed for a more accurate understanding of the valued attributes and consumer preferences (Trindade et al., 2020). Consequently, a segmentation chart, with two axes, was built with the most valued attributes regarding J&N. Freshness was the most mentioned attribute, followed by healthy and flavor authenticity. As a result, the chart presents freshness in the horizontal axis and healthy and flavor authenticity combined in the vertical one. The division of the market allowed to obtain four segments, each one represented
Concerning market competition, a perceptual map to compare all the players’ positioning was elaborated using the same segmentation chart. It was observed that Compal is positioned only on the left side quadrants, as it offers exclusively ambient juices. By analyzing the map, it was clear that Compal could explore the opportunity to move to fresher juices. Hence, Compal Summo do Dia will be targeting The Chillers.

A segment must fulfill some requirements to be considered relevant. According to Kotler and Keller (2016), a segment has to be i) measurable — possibility to calculate and characterize the segment; ii) substantial — segments must be large and profitable enough; iii) accessible — effectiveness reaching the segment; iv) differentiable — conceptually distinguishable and have different responses to the marketing mix; and v) actionable — effective programs must attract the segment. Gupta (2014) mentions a sixth condition — stability — where segments should be stable for the marketing efforts to be successful.

The segments depicted from segmentation fulfill the five key criteria. Primarily, the segments were measurable since the sample obtained from the quantitative was representative of the Portuguese population. Secondly, The Chillers is a large and profitable segment, as it evokes trends of naturalness, well-being, and the pursuit of chilled juices, a growing trend in recent years (Trindade et al., 2020).
Thirdly, the segment can be effectively reached and served as well as actionable, as there are already some brands communicating to the segment, for instance, Innocent (Trindade et al., 2020). Lastly, the segments presented in the chart present differences among them, as they value different attributes and benefits.

2. Targeting

Gupta (2014) argues that the goal of targeting is “to select segments that improve the organization’s chances of maximizing its long-term profitability in those segments” (Gupta, 2014, 13). Conversely, Tybout and Sternthal (2010) state that selecting the target is related to the current position in the market, this is if they are already present or intend for a new launch. The targeting process is similar for both cases.

Considering products present in the current category, a company is expected to achieve growth by focusing, primarily, on targeting current customers as they are more familiarized with the brand. The second possibility is targeting competitors’ customers since the long-term success is to acquire new users of the brand, notwithstanding it may bring counterattack. An additional option consists of targeting non-users of the category. Nevertheless, it is worth mentioning that there are two types of new category users. There are the ones that would eventually enter the category and those that have no intention to enter the category. Companies target the latter when it is believed customers might be convinced, through marketing. (Exhibit 7) (Tybout and Calder, 2010)

Launching a new product is believed to bring substantial long-term growth to a firm. A company that already has a customers’ base could proceed in the same manner as mentioned before for products in the current category. Nonetheless, it might leverage issues as cannibalization of the company’s products. Entry in new categories is proved to optimize the firm’s resources and competencies. (Exhibit 8) (Tybout and Calder, 2010)

To select the target market, there are three factors influencing the decision (Exhibit 9). Primarily, each segment presents characteristics that reveal the attractiveness for the company, such as segment
size, growth rate, and profitability. Secondly, the firm specifies its objectives and capabilities — competencies and resources — and confront the target consumers with the targeted segments to understand the company’s fit. Ultimately, the firm analyzes the current and potential competition for each segment, which includes its strengths, intensity, and resources. Nonetheless, large segments attract more competition compared to niche ones. (Gupta, 2014)

These three steps drive a firm’s marketing strategies and are able to influence prices, products or communication. After selecting the target, a firm creates marketing programs aligned with customers’ needs and preferences. (Gupta, 2014)

The target segment for Compal Summo do Día was evaluated in terms of attractiveness, alignment with Compal’s objectives, and competition in the market.

On a first instance, the target depicted a substantial size and growth. The size was uncovered using quantitative research. Regarding growth, it is sustained due to the constant growth in the category of chilled juices alongside the trends of naturalness, health, and well-being (Trindade et al, 2020). Furthermore, consumers that value healthy, freshness and flavor authenticity are aligned with Compal’s vision towards naturalness. Lastly, there are already players on the right side of the segmentation chart.

Nonetheless, there are legal and ethical issues related to targeting, since this process involves caution regarding the promotion of products that can be harmful to customers, or even taking advantage of vulnerable groups, such as children or poor people (Kotler and Keller, 2016).

3. Positioning

Positioning, according to Ries and Trout (1972), “is not what you do to a product (...) [it] is what you do to the mind of the prospect” (Ries and Trout, 1972, 2).

The output of positioning is the positioning statement. For Keller (2013), to elaborate one, it requires a Frame of Reference (FOR), Points-Of-Parity (POP), and Points-Of-Difference (POD). The positioning statement is composed of four steps: i) target, ii) competition, iii) points-of-parity; iv)
points-of-difference (Keller, 2013).

Primarily, the FOR is divided into target and competition. By evaluating the market and the appropriate variables, the target is determined. Choosing a specific target brings competition associated — the more attractive the segment, the higher the current or potential competition. It is also important to analyze the indirect competition. (Keller, 2013)

Secondly, a firm identifies the optimal POP, which represent the attributes or benefits common to the brands in a category. These are used to negate competitors’ PODs or are used to reassure the consumer (Keller, 2013).

Ultimately, POD represent the attributes or benefits that consumers associate with the brand, providing a competitive advantage and a reason to believe (Keller, 2013).

As the supply is large and composed of too many products and buzz from companies and respective communication, the response of consumers is no longer the same (Ries and Trout, 1972). Positioning reminds brands that comparison is the basis of consumers’ choices (Kapferer, 2012). For that purpose, Ries and Trout (1972) consider three positioning alternatives. The first is to reinforce a brand’s positioning in customers’ minds. Moreover, there is the possibility to search for a different and new positioning that is valued by enough consumers. In addition, brands are able to reposition the competition. (Ries and Trout, 1972)

Aligned with what was previously mentioned, Tybout and Sternthal (2010) consider positioning as how the brand intends to be present in the targeted consumers’ minds. In order to position itself, it is necessary to consider two perspectives. (Tybout and Calder, 2010)

The first is related to the competition’s offers, which is then related and compared with the own product check for similarities and differences. The competition-based approach is more relevant when applied to relatively new brands. The second perspective is to explain the superior features to consumers, create abstract benefits and relate them with their goals and needs. The customer-based approach is used to situate the products in customers’ lives with the purpose of enriching and
deepening the positioning. (Tybout and Calder, 2010)

Regarding the first approach, it entails defining a category, to later establish a frame of reference and explain the purpose of the product to the targeted customers. Additionally, it also defines a POD that specifies why the brand is superior to its competitors. For the authors, defining a POD implies looking first at competitive strengths and then understanding what motivates consumers to use the category. Finally, choose the one that is valued by consumers. Nevertheless, it is worth mentioning that the brand needs to take caution when considering a POD based on what consumers say as it might be due to peer pressure and not translating their true interests and behaviors. (Tybout and Calder, 2010)

Regarding the second approach, brand essence and category essence emerge. This is more focused on the purpose of a brand or category in customers’ lives. It can be translated as the reason to believe that the brand will help the target customers accomplish their goal(s). (Tybout and Calder, 2010)

The positioning statement, according to Tybout and Sternthal (2010) responds to the questions: i) who is the target?; ii) why should customers consider the brand?; iii) what makes the brand superior to its competitors?; iv) how is the brand answering to the target members’ goal(s)? To be generalized for every brand, a simpler positioning statement was elaborated: To [Target], the brand [Frame of Reference] that offers [Point-of-Difference], because [Reason to Believe] (Tybout and Calkins, 2019).

In what concerns Compal, a positioning statement was elaborated following the latter structure for the final consumers as well as for both intermediaries — modern and HORECA channel — as they represent a key role in the relationship between Compal and their consumers.

Relative to the target, it must include insights about motivations and usage of consumers. Regarding the FOR, it provides a better description to consumers on the final function and benefit achieved by using Compal’s product. The benefits specified operate as POD. These must be relevant for consumers and a benefit that Compal is able to offer. In order to enhance that benefit, a reason to
believe is elaborated so it gives credence to the claim. (Tybout and Calkins, 2019)

The positioning statement for the final consumers is, therefore, the following:

To all consumers that are looking for a healthy, natural, authentic, and fresh fruit juice [Target], Compal is a brand of premium 100% fresh blended juices [Frame of Reference] that offers a fresh, nutritious, and tasty experience [Points-of-Difference], because of Frutologia and the 67 years of expertise in blending, Compal is able to deliver a unique combination of fruit as an even more natural drink [Reason to Believe].

The positioning statement for the modern channel is the following:

To all retailers that own a refrigerator area, that value the good quality of their products and want to be at the forefront of new trends [Target], Compal is a brand of premium 100% fresh blended juices [Frame of Reference] that offers higher-quality tasteful juices and an extra margin opportunity together with a chance for exclusiveness of assortment [Points-of-Difference], because of Frutologia and the 67 years of expertise in blending, Compal, the market leader, is able to deliver a unique combination of fruit as an even more natural drink [Reason to Believe].

The positioning statement for the HORECA channel is the following, which integrates the small differences, within brackets, for the new HORECA:

To all HORECA owners that (provide a premium experience through their cozy ambiance and innovative offer, and) propose to present the best experience to their customers [Target], Compal is a brand of premium 100% fresh blended juices [Frame of Reference] that offers higher-quality tasteful juice that preserves all nutrients, delivers to the HORECA, a juice ready to be served, as well as strong brand power from Compal and a chance for uniqueness of assortment [Points-of-Difference], because of Frutologia and the 67 years of expertise in blending, Compal is able to deliver a unique combination of fruit as an even more natural drink, in a more practical and innovative (and personalized) way to the cafes or restaurants [Reason to Believe].

The model was generated using hierarchical organization of memory. This means that customers
organize information and knowledge according to similarities and distinctions (Tybout and Calder, 2010).

Creating a strong positioning statement is fundamental for branding as it will increase relevance as consumers are valuing more brand meanings. There are three techniques to write a clear and meaningful positioning: i) engagement techniques; ii) brand stories; and iii) strong reason to believe. In order to convince managers, a positioning could use engagement techniques or brand stories, as well as reasons to believe, by using support and personality. (Tybout and Calder, 2010)

The positioning for Compal Summo do Dia is aligned with the positioning of the mother brand, emphasizing the nutrients and vitamins as well as the path to be closer to the tree and the premium flavor. The new product is also adding freshness to Compal, which is valued by consumers in this category (Exhibit 10).

Regarding the sub-brands of Compal, the closest positioning to Compal Summo do Dia is the one for Compal Summo. Both products are aiming to target health-conscious consumers that are looking for 100% juice but do not disregard taste (Exhibit 11).

References

Appendices

Exhibit 1 — Scheme of the marketing strategy formation process

Source: Dolan, 2015

Exhibit 2 — Segmentation

Source: Tybout and Calder, 2010

Exhibit 3 — Major segmentation variables for consumer markets

<table>
<thead>
<tr>
<th>Geographic</th>
<th>Country, region, city, urban/rural, climate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>Age, income, gender, generation, marital status, family size, occupation, education, ethnicity, religion</td>
</tr>
<tr>
<td>Psychographics</td>
<td>Lifestyle, personality, activities, interests, opinions</td>
</tr>
<tr>
<td>Behavioral</td>
<td>Usage rate, loyalty, product knowledge, involvement, purchase occasion, buying stage</td>
</tr>
<tr>
<td>Benefits Sought</td>
<td>Convenience, value, safety, status</td>
</tr>
</tbody>
</table>

Source: Gupta, 2014
Exhibit 4 — Major segmentation variables for business markets

<table>
<thead>
<tr>
<th>Geographic</th>
<th>Country, region, city, urban/rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Firmographics”</td>
<td>Industry, firm size, global/regional, ownership</td>
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<tr>
<td>Buying Approach</td>
<td>Centralized or decentralized purchase, purchase policies, involvement of decision makers</td>
</tr>
<tr>
<td>Behavioral</td>
<td>Volume, purchase frequency, attitude toward risk, loyalty, urgency</td>
</tr>
<tr>
<td>Benefits Sought</td>
<td>Price, product quality, service, relationship</td>
</tr>
</tbody>
</table>

Source: Gupta, 2014

Exhibit 5 — Bases for segmentation

Source: Gupta, 2014

Exhibit 6 — Segments for Compal *Summo do Dia*

Source: Trindade et al, 2020
Exhibit 7 — Targeting for established categories

When a brand is already established in a category

1. Targeting current customers
   No

2. Targeting competitors’ customers
   No

3. Targeting non-category users

Source: Tybout and Calder, 2010

Exhibit 8 — Targeting for new products

When a brand launches a new product

1. Targeting current customers
   No ⚠️ Cannibalization

2. Targeting competitors’ customers
   No

3. Targeting non-category users

Source: Tybout and Calder, 2010
Exhibit 9 — Target market selection

Segment Characteristics
- Segment size
- Growth rate
- Profitability

Competition
- Competitors' strengths
- Competitive intensity
- Competitors' resources

Target Market Selection

Company Fit
- Objectives
- Competencies
- Resources

Source: Gupta, 2014

Exhibit 10 — Positioning for Compal

To all consumers that value what is real and appreciate and draw pleasure from what nature has best [Target], Compal is a high-quality brand with natural and innovative products [Frame of Reference], that offers a unique and premium flavor, privileging naturalness and the origin of the fruit to surprise and disrupt the market [Points-of-Difference], because of Frutologia and Compal know-how in searching and delivering the best-quality fruit juices [Reason to Believe].

Source: Trindade et al, 2020
### Exhibit 11 — Positioning for Compal sub-brands

<table>
<thead>
<tr>
<th>Sub Brands</th>
<th>Images</th>
<th>Positioning</th>
<th>FC / NFC</th>
<th>Formats Available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clássico</strong></td>
<td><img src="image1.png" alt="Image" /></td>
<td>To all consumers that value what is real and appreciate and draw pleasure from what nature has best. Compal Clássico is a high-quality nectar, that offers a unique and different experience by exploring individual flavors, because of <em>Ernologia</em> and Compal's know-how in searching and delivering the best quality nectars.</td>
<td>FC and NFC</td>
<td>Depending on the flavor the formats available are: Tetra Pak IL, 200ml and 336ml and Glass Bottle 200ml</td>
</tr>
<tr>
<td><strong>Origens</strong></td>
<td><img src="image2.png" alt="Image" /></td>
<td>To A, B, and C social classes, above 25 years old, for both genders that value what is real and appreciate what nature has best, and value the origin of unique fruit flavors, Compal Origens is a nectar produced with both national and international renowned fruit, that offers a tastefull and specific flavor while telling a story about its origins, because of <em>Ernologia</em> and Compal know-how in searching and delivering the best quality nectars.</td>
<td>NFC</td>
<td>Depending on the flavor the formats available are: Tetra Pak IL, 200ml and 336ml and Glass Bottle 200ml</td>
</tr>
<tr>
<td><strong>Nectars</strong></td>
<td><img src="image3.png" alt="Image" /></td>
<td>To A, B, and C social classes, above 20 years old, mostly for women and individual consumption, who value what is real and appreciate what nature has best, while being conscious about a balanced diet, Compal Vital is a nectar which combines fruits with stevia, that offers a tasteful and intense flavor with diet benefits associated, because of <em>Ernologia</em> and Compal's know-how on producing all sorts of J&amp;N and managed to introduce alternatives to refined sugar.</td>
<td>FC</td>
<td>Depending on the flavor the formats available are: Tetra Pak IL, 200ml and 336ml and Glass Bottle 200ml</td>
</tr>
<tr>
<td><strong>Vital</strong></td>
<td><img src="image4.png" alt="Image" /></td>
<td>To B and C social classes, above 26 years old, for both genders that consume soft drinks and J&amp;N, and value products with a good relationship between price and quality, that are able to share during a meal, Compal Gemaxia is a more liquid juice prepared for meals, that offers a healthier option than soft drinks with fruit flavors, because of <em>Ernologia</em> and Compal's know-how in searching and delivering what consumers value when looking for a drink to accompany their meals.</td>
<td>FC</td>
<td>Pet 1.5L</td>
</tr>
<tr>
<td><strong>Familia</strong></td>
<td><img src="image5.png" alt="Image" /></td>
<td>To A, B, and C social classes, above 20 years old, mostly for women and individual consumption, that are experimentalists, dynamics, and urban, Compal Veggie is a juice that combines fruits and vegetables, that offers a unique and intense flavor with health benefits associated, because of <em>Ernologia</em> and Compal's know-how on producing a unique blending drink.</td>
<td>FC</td>
<td>Depending on the flavor the formats available are: Tetra Pak 1L and Glass Bottle 200ml</td>
</tr>
<tr>
<td><strong>Veggie</strong></td>
<td><img src="image6.png" alt="Image" /></td>
<td>To A, B, C+ social classes, above 35 years old, for both genders and for individual consumption, that are looking for healthier products, composed only by the necessary ingredients for an excellent taste, Compal Summo is a differentiated brand in the J&amp;N market made with only natural ingredients, that offers high-quality and tasty drinks, because of <em>Ernologia</em> and Compal's know-how and expertise, which allows them to produce a unique blending drink.</td>
<td>NFC</td>
<td>Available on Tetra Pak 1L and Glass Bottle 200ml</td>
</tr>
<tr>
<td><strong>100% Juices</strong></td>
<td><img src="image7.png" alt="Image" /></td>
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<td><strong>Summo</strong></td>
<td><img src="image8.png" alt="Image" /></td>
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Source: Trindade et al, 2020