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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”**

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Abstract

The purpose of the following marketing plan is to deliver substantial growth to Compal, the Portuguese market leader in the Juices and Nectars market. The category was thoroughly studied, resorting to trends and market data. Further qualitative and quantitative research were conducted, enlightening on consumer behavior and preferences. After segmenting the market, a target that valued freshness, health and flavor authenticity was selected. Compal *Summo do Dia* was the proposed solution for the company, allowing Compal to enter the chilled juice market. The marketing mix was developed followed by a communication plan and a financial forecast for five years.

Keywords: Juices and Nectars; Chilled Juices; Compal Portugal; Healthy Trends

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Executive Summary

In Portugal, the Juices and Nectars (J&N) — 100% Juices and Nectars — market was worth 226,195,478€ in 2018, which represents 107,729,658 liters sold. This market is dominated by nectars, accounting for 84% of the sales volume, whereas the remaining 16% accounted for 100% juices.

Healthy trends have been changing habits, reflecting an increased demand for more natural juices. Aligned with this, chilled juices have been growing in Portugal. This category was worth 18,302,911€ in 2018, with a Compounded Annual Growth Rate (CAGR) of 17.8% from 2014 to 2018.

Compal is the market leader in the J&N category, with a market share, in value, of 72.5%. The company manages to solidify its market leadership, through constant launches of innovative products. It is in the company's culture to respond to consumers' needs and ever-growing market trends.

Primary research and market trends underline that consumers are looking for fresher, healthier and tastier juices, which lead to proposed solution of entering the chilled juice category, where Compal is still not present. To capture these preferences, Compal *Summo do Dia* was developed through the introduction of a new product line for Compal. This new product is aligned with the brand's values and vision and intends to target health-conscious consumers, who value both freshness and flavour authenticity.

Compal *Summo do Dia* is a premium 100% fresh blended juice, available in three flavors, combining *Frutologia*, the art of fruit blending, and Compal's know-how with new refreshing fruit combinations. The product will be distributed in both modern and HORECA channels, as well as the new HORECA establishments, that require a more premium and personalized product.

This new offering will utilize Compal's synergies, as it only implies adaptation to the production line accounting for 500,000€. Furthermore, an intensive communication plan to ensure its successful launch is developed, alongside a 5-year revenue projection, expected to be profitable in 2 years and 3 months, with a Net Present Value (NPV) of 4,255,181.81€.

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1. Situation Analysis

1.1. Market Overview

This study will focus on the Portuguese market for Juices and Nectars (J&N). They differ in composition: a nectar must contain between 25% to 99% of fruit/vegetable juice or pulp content to which sweeteners, water, minerals, vitamins, and preservatives can be added; the minimum fruit/vegetable content required depends on the fruit/vegetable used; fruit juice must contain 100% fruit/vegetable to which only minerals, vitamins and permitted preservatives might be added. (AIJN 2018)

Within this market, there are two categories: ambient and chilled juices. Ambient juices are distributed and commercialized via an ambient temperature distribution chain, whereas chilled juices, due to the nature of the products and the production process, require a chilled distribution and are stored in refrigerated areas. For convenience, ambient juices might be placed in chilled juice areas at the point of sale, as it is the case of gas stations since consumers prefer to buy a chilled beverage, although consumers are usually aware that these beverages do not require chilling. (AIJN 2018) For the purpose of the Work Project, and aligned with the data provided by Nielsen, ambient juices will be named J&N, while chilled juices will be considered as a different category.

J&N are either for In-Home (IH) or Out-Of-Home (OOH) consumption. As for the first, consumers use the product at home, and distribution is primarily done through the modern channel, which englobes mainly hypermarkets and supermarkets. The second comprises any consumption made outside one's house, it mostly takes place in the HORECA channel — hotels, restaurants, and cafes. (Kantar 2018)

The J&N category has reached a consumption of 107,729,658 liters in 2018, which represents a total of 226,195,478€, reflecting a 2.4% increase in value from 2017. On the other hand, the chilled juices category, in 2018, represents 5,838,042 in liters consumed, which reflects a value of 18,302,911€, translating into a growth rate of -0.9% in value with regards to 2017. Even though this

category showed a 1% value increase in the modern channel, which accounted for 91% of the overall value, the growth rate in HORECA was -23%, accounting for the remaining 9%, which drove the whole category into negative growth. Nevertheless, the category growth rate in Year to Date (YTD) October 2019 presented 4.3% in value and 13.5% in volume. (Nielsen 2019). This is in line with the Compound Annual Growth Rate (CAGR) of 17.8% in volume from 2014 to 2018 (AIJN 2019).

Nonetheless, from 2010 onwards, J&N sales in volume started to decrease. This might be explained due to the financial complications and reduction in disposable income for households, which might be explained by the economic crisis. Since then, the market has been trying to recover its registered loss in volume. As the country recovers economically, the category has been slowly growing and the juice market as a whole is expected to reach 145 million liters sold by 2023. (Euromonitor International 2019)

In 2018, modern channel purchases accounted for 47.9% of overall sales, whereas the remaining accounted for the HORECA channel (Nielsen 2019). This greater value for OOH consumption can be explained by the economic recovery as well as by the rise in tourists' inflow (Euromonitor International 2019).

Also, in 2018, 84% of the liters sold in the category resulted from nectars, and the remaining 16% from juices (AIJN 2019). Hence, it is possible to state that Portugal is, indeed, a “country of nectars” in what concerns preferences, which can be explained by the historical presence of the market leader — Compal — and its specialization in nectars. Despite this situation, the market is expected to slowly migrate toward 100% juices, mainly due to rising health concerns in consumers' minds, especially in the Millennial and Generation Z segments (AIJN 2018). As a result, the 100% juice market has grown 12.3%, in volume, from 2017 to 2018. Comparatively, nectars decreased by 1.6% within the same period (AIJN 2018). According to Tetra Pak's report on 100% natural juices, 60% of consumers are willing to pay a higher price for juices they believe and perceive as healthy (Tetra Pak 2016).

In what regards packaging, 70.5% of sales correspond to carton packages, while the remaining

29.5% is split between plastic and glass materials. Additionally, the most consumed flavors, in Portugal, are peach (17.4%), orange (17.0%), and mix flavors (15.1%). (AIJN 2018)

Regarding market share in terms of value, Compal dominates the J&N category with 72.5% of the whole market, for the year of 2018. This value can be split into distribution channels, as Compal achieved a market share of 49.4% in the modern channel and 90.7% in the HORECA (Nielsen 2019). Although the remaining manufacturer brands do not achieve a significant market share, it is the private label competition in the modern channel that has threatened Compal's hegemony with a 33.2% market share, in value (Nielsen 2019). Even though these brands offer low-price products, they are perceived to have significant quality when compared to other products with more expensive prices (Euromonitor International 2019).

Finally, throughout this report, two distinct juices were characterized: freshly squeezed juice and daily juice. Freshly squeezed juice is a juice made by squeezing fruit and it is usually offered in cafes and restaurants, but it can also be homemade or even bought in supermarkets and hypermarkets that dispose of freshly squeezed orange juice machines. Conversely, the daily juice is usually prepared and sold at HORECA, served in large quantities throughout the day. Water and/or sugar are often added to daily juices according to conversations with cafe workers. (Exhibit 1)

1.2. Market trends

To better understand the consumption behavior toward the J&N category, a comprehensive analysis was performed regarding the most relevant trends. Primarily, the analysis focused on the latest beverage trends worldwide and, afterward it was narrowed to the J&N category.

1.2.1 Latest Beverage Trends Worldwide

More Informed Consumers

Nowadays, consumers have easier access to information to make more conscious decisions with regards to their purchase journey, which is justified by the great digital achievements and the

increasing value of word of mouth. This results in consumers demanding more information prior to purchase and making purchase decisions before entering stores. (The future of e-commerce 2018)

Naturalness, Health and Well-being

Nowadays, consumers are increasingly concerned with products having clean labels, as they start valuing natural ingredients, and boosting the demand for lower sugar and calorie options, rejecting artificial additives and preservatives (DrinkTec Blog 2018).

Sustainability

Sustainability is increasingly becoming an ever more relevant topic for consumers. According to Forbes, 88% of the USA and UK consumers demand brands to embrace environmental and socially responsible actions to create an impact. One of the most important topics regarding sustainability is the packaging. As plastic is an increasing concern, it is brands' responsibility to promote more environmentally friendly options for consumers, whilst maintaining quality. (Tonwsend 2018)

Personalization

According to a study conducted by the Harris Poll Institute, “63 % of [UK, USA, and Canada] consumers expect personalization as a standard of services and believe they are recognized as an individual when sent special offers” (Retail customer experience 2019). This leads to a scenario where consumers are moving away from a massified and a one-size-fits-all offering. Personalization is now associated with increasing sales. In fact, “40% of consumers say they have purchased something more expensive than they originally planned because their experience was personalized” (Econsultancy 2018).

1.2.2 Juice & Nectar trends

Smoothies

A smoothie is a thick blended puree beverage containing fruits and/or vegetables, to which it might be added a dairy element (AIJN 2018). Nonetheless, the smoothie concept is broad, enabling endless combinations of fruit and vegetables. Hence, smoothies provide several health benefits such

as dietary fibers, detox components, and digestion aid. (AIJN 2018).

Although successful in several countries, namely the USA and UK, in the Portuguese market, smoothies are still considered to be a small parcel in the J&N category (AIJN 2019). Despite being a niche market, new players have entered the category such as Innocent. Other Portuguese manufacturer brands are already established in the smoothie industry, such as GoNatural, SoNatural, as well as private labels.

Superfoods and Probiotics

Superfoods are mostly plant-based and characterized by high levels of antioxidant components, fibers, and healthy fats. Some examples are berries, soy, salmon and dark chocolate (Ware 2019). Superfoods are emerging in the market due to their known benefits, as it is the case with disease prevention. In Portugal, even private labels have already started to embrace this trend, as it is the case of Continente.

On the other hand, probiotics are beneficial bacteria that help the digestive system and can provide several other health and well-being advantages (Webm 2019). In Portugal, other categories are using these bacteria, as Activia Smoothie & Go, while worldwide other brands of juices are adding these to their products, as Tropicana Essentials.

Protein Juices

Protein has been a trend in the last year as it is starting to be demanded not only by athletes but also by regular consumers, shifting from sports nutrition into a more health-centered approach, due to benefits such as weight loss and healthy aging. Most protein sources come from animal products and derivatives. However, consumers nowadays are looking for plant-based protein like soy, hemp or whey. Companies, as Naked, already have juices with added protein coming from soy and whey protein. (Schofield 2019)

Chilled Juice

Chilled juices are an emerging trend in Europe, having grown in volume at a growth rate of 3.6%,

in 2017. In fact, chilled juices are becoming one of the growth engines of the 100% juice market. This product category is mostly characterized by 100% fruit juices and smoothies. (AIJN 2018)

New HORECA

Brands have been using HORECA to display themselves, through placing terrace layout material, tableware or other helpful complements — trade incentives (Exhibit 2). Conversely, more premium cafes — named new HORECA in the rest of this Work Project — are emerging with modern and clean decoration, where brands have difficulty in being displayed, as the cafes are demanding for more premium and personalized items, especially in trade incentives (Exhibit 3). This poses new challenges for manufacturers, as they must find different ways to promote themselves within the channel. Additionally, the new HORECA is offering their daily juice which is aligned with the pursuit of more natural and healthy juices. Consumers are adhering to this trend as they increasingly value freshly squeezed alternatives.

Conclusively, brands must keep up with worldwide and J&N trends. Compal, as the market leader in Portugal, ought to position itself at the forefront of all trends and innovations to fortify its role.

2. Five Cs Analysis

To understand the different areas involved in the marketing decisions of Compal, the focus of this marketing plan, a Five Cs model was used.

2.1. Company

Compal was founded in Portugal, in 1952, by a group of visionaries concerned with food industry problems at the time. Having started with tomato processing as its core business, Compal has entered the J&N market in the 1960s (Compal 2019). Since then, it has turned into one of the major established companies in Portugal with an international presence in over 60 countries worldwide (Sumol+Compal 2019). In 2009, Compal merged with Sumol, another Portuguese company, creating the Sumol+Compal group, which has become the largest group of non-alcoholic beverages.

Compal also has an online presence. Besides having its website and social media channels, it also has a direct to consumer online store — www.saborista.pt —, where the current products and some limited editions are sold. The brand relies on three pillars: *Portugalidade*, reinforcing nationality; *Frutologia*, the science of agriculture and the art of fruit blending; and Naturalness (Sumol+Compal 2019). Focused on local fruit producers, there is a thorough process of selecting the finest crops and harvest seasons to ensure high-quality ingredients for further production (Compal 2019).

Compal is the market leader, capturing 72.5% of the overall market in value, in 2018, split between the modern and HORECA channels with 49.4% and 90.7%, respectively (Nielsen 2019).

Furthermore, Compal has a strong influence on consumers' minds. This can be measured through Share of Voice (SOV), which assesses the brand's share of paid advertising versus the remaining brands' expenses for a common product category (Sprout Social 2019). In terms of consumer preferences, Share of Wallet (SOW) measures the monetary amount that an average customer usually spends in a particular brand rather than the competing brands in the same product category (Keiningham *et al.*, 2011). By looking at the refreshing beverages industry, Compal's SOV was close to 12%, in 2018, with a SOW of 13.3%. Comparatively, the Coca-Cola Company presented the highest SOV with 18%, followed by Compal. (Martins, Ana Rita 2019 Interview)

In 2018, Compal has suffered a decrease in volume — from 73 million liters in 2017 to 70 million liters in 2018 — in the J&N category (Martins, Ana Rita 2019 Interview). Consequently, market share in value declined 1.6% with a greater incidence on the modern channel which decreased by 3.7%. The decrease in the modern channel is mainly justified by the rise of private labels which increased by 6.8% (Exhibit 4) (Nielsen 2019).

2.1.1 SWOT analysis

To provide a deeper overview of how Compal is positioned in the market, a SWOT analysis was conducted to assess the favorable and unfavorable factors affecting the company, as well as assess its potential and challenges in the market (for further explanation consult Exhibit 5).

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Compal is the market leader of the J&N Portuguese market, with 72.5% of market share in value (Nielsen 2019) - Establishment of trustworthy partnerships with fruit producers, allowing to deliver high-quality standards - Strong brand awareness and image allied with 67 years of heritage - <i>Frutologia</i> and know-how (Sumol+Compal 2019) - Diverse portfolio with the constant introduction of innovations - Different packages to serve different customer needs, occasions of consumption and distribution channels - Even more sustainable packaging with the introduction of the new Tetra Pak format, Tetra Stelo™ Aseptic (Tetra Pak 2019). Additionally, it reduces juice waste. 	<ul style="list-style-type: none"> - Consumers are price sensitive (Deloitte 2017) forcing Compal to compete with private labels, that practice much lower prices, as there are no marketing or R&D expenses. Private labels are able to practice much lower prices (Exhibit 6) - Production and marketing rely heavily on fruit seasonality, as is the case of <i>Laranja do Algarve</i> that ran out of stock and forced the company to import oranges from Brazil, changing the whole product and communication (Martins, Ana Rita 2019 Interview)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Growth in healthy trends, leading consumers to seek more natural options and they are willing to pay extra for it (Gagliardi 2015) - Growth in the chilled juice category - Increase the number of touchpoints available and deliver a similar customer experience across different touchpoints (omnichannel strategy) - Reinforce the relationship with the consumer, to achieve a love brand status, something that private labels fail to achieve 	<ul style="list-style-type: none"> - Rapid increase of private labels — a growth of 9.05%, in value, in the modern channel regarding 2017 - 2018 (Exhibit 4) (Nielsen 2019). Private labels are adapting their portfolio to match manufacturer brands' portfolio. The 100% juice market is already being driven by private labels with a growth of 24.7% in volume, in 2018. (Exhibit 7) (AIJN 2019) - Great awareness about health concerns regarding the high sugar content in fruit juices, with a focus on fruit consumption instead (Gov Portugal 2018) - The emergence of the new HORECA, which are cafes that avoid branded products - The entrance of Mercadona in Portugal, as of July 2019 (Mercadona 2019) - Fruit seasonality that may lead to out-of-stock issues

Table 1 SWOT

2.1.2 Current brand portfolio

The analysis of the brand portfolio provides an understanding of how the brand is organized (Carloti *et al.* 2004). Compal's portfolio is composed of six sub-brands: Clássico, Origens, Vital, Família, Veggie, and Summo (Exhibit 8). Compal offers several flavors that result from the combination of more than twenty different fruits and vegetables. (Compal 2019)

Additionally, the sub-brands are also differentiated by its content origin, varying from concentrate

(FC), or not from concentrate (NFC). A FC juice means the fruit/vegetable is squeezed and its water is removed, to obtain fruit/vegetable concentrate. Ultimately, this water is re-introduced further in the production process. On the other hand, a NFC product is produced in the origin country and it does not go through the water removal process, as the fruit/vegetable is squeezed and pasteurized for further production. (AIJN 2018)

Within the portfolio, Compal's products offer different levels of pulposity — on a scale from 1 to 6, being 1 the most liquid Compal offers. Regarding the packaging, five formats can be found within the portfolio: Tetra Pak — 1L, 330ml, 200ml; glass bottle — 200ml; PET — 1.5L (Exhibit 9).

2.2. Competitors

Concerning manufacturer brands, the leading brand — Compal, with an overall market share of 72.5%, in value — is followed by Um Bongo, also belonging to the Sumol+Compal group, with a market share, in value, of 8.1%, in 2018. Juver accounts for 1.2% and Santal and Hero have an equal market share of 1%. The remaining competing brands have a total market share of 0.8%, which includes brands as Ceres, Vida, Don Simon and Minute Maid (Exhibit 4) (Nielsen 2019). Private labels represent 14.8%, in value, of the overall market, having grown 6.8% in 2018 (Nielsen 2019). The former comprises brands as Continente, Pingo Doce, Auchan, Dia, El Corte Inglés, Amanhecer, Paquito, and Solevita (Exhibit 10). This reinforces the strong presence of private labels as the main competitor.

Chilled juices have been conquering market space with brands such as Sonatural, GoNatural, and even private labels. In addition, new players have entered the market in the current year, 2019, such as Innocent from The Coca-Cola Company (Nielsen 2019). At the same time, the introduction of the freshly squeezed orange juice machines in supermarkets has also become an alternative to the traditional J&N products.

Regarding the HORECA channel, Compal retains 90.7% of the market, in value, followed by Um Bongo with 5.7% and Hero with a share of 1.7% (Exhibit 4) (Nielsen 2019). In the new

HORECA, Compal faces strong competition with daily juices and freshly squeezed juices, as these new cafes and restaurants avoid displaying branded products (Martins, Ana Rita 2019 Interview).

Regarding pricing, Compal is dependent on retailers as they retain the ultimate pricing decision to the end-customer. In the modern channel, Compal's prices stand out between its competitors, slightly above Santal and Juver, yet below Ceres (Exhibit 6). In HORECA, Compal is usually priced below the daily and freshly squeezed juices — between 1.20€ and, approximately, 2.20€ — information obtained through conversations with café owners.

2.3. Context

To understand how Compal is affected by its surrounding macro environment as well as identify future potential strategies, a PESTLE analysis was conducted.

2.3.1 Political

Overall, Portugal is considered a politically stable country. In 2017, the Government was responsible for the taxation legislation measures on added sugar-drinks, which has four different taxation levels based on sugar percentage per liter (TSF 2018). These measures were again proposed in the *Orçamento de Estado 2019*, which added features such as reviewed variable taxation levels depending on sugar amount per liter (Diário de Notícias 2018). The recent *Orçamento de Estado 2020* reinforces the Government's will to pursue and increase this taxation. Despite this, J&N remain exempt from the abovementioned taxation.

2.3.2 Economical

As previously stated, the economy has been recovering from the 2008 crisis, and the J&N category grew in volume accordingly (AIJN 2018). The J&N market growth is explained not only by the real GDP rising since 2012 (Exhibit 11), as well as by the sugar taxation recently introduced (AIJN 2018). Indeed, this measure has been favoring the J&N category, compared to soft drinks, that had seen their prices increased due to the tax applied (Millennium BCP 2017).

The juice market as a whole is expected to successfully perform in the upcoming years.

Additionally, during the 2008 crisis, numerous people have opted for more affordable alternatives and, as a result, private labels have been increasingly earning market share. (Euromonitor International 2019)

Lastly, promotions perform an important role in consumption in Portugal. According to Nielsen's data, in 2018, 46% of Fast-Moving Consumer Goods (FMCG) were sold in promotion. Portugal is the fourth European country with most promotional sales weight. (Costa 2019)

2.3.3 Social

According to AIJN (2018), there has been an increasing demand for the premium segment of fruit juices worldwide. The seek for healthier and more premium products is visible in Portugal and applies to both adults and children (Euromonitor International 2019).

Even though J&N brands are not yet affected by sugar taxation, they are already modifying their products' composition, through sugar reduction or sugar substitutes such as the use of stevia. New practices are becoming common in the J&N market, such as increasing natural and organic fruit content — particularly NFC —, and increasing the number of fortified or functional product references — such as including superfoods in the list of ingredients. (Euromonitor International 2019)

Regarding occasions of consumption, the preferred are IH main meals, contrarily to OOH main meals (Exhibit 12) (Compal 2019).

2.3.4 Technology

In such a competitive market, consumers are becoming more stringent concerning the experience a brand provides them. Brands are investing in Quick Response (QR) codes on packaging as well as augmented reality to expand their campaigns — using visual marketing. Brands need to keep providing the surprise effect and creating an emotional relationship with consumers (Tetra Pak 2016).

Regarding the technological side of the J&N market, there are three relevant production processes. The most popular and common one is pasteurization, which is the one used in all of Compal's sub-brands.

Pasteurization is the process of exposing the juice to high temperatures, usually above 80 degrees Celsius, to eradicate all enzymes that cause juice deterioration. This allows for an expiration date of up to 18 months, regardless of the fact it eliminates some nutrients, vitamins, and enzymes. It is important to note that different fruits are pasteurized at different temperatures. (Moreira, Nuno 2019 Interview)

Another method of production consists of High-Pressure Processing (HPP). This alternative method is a post-package process, in which packages are submitted to high water pressure inside a chamber. Such a technique destroys pathogens, with the use of pressure rather than heat. This process allows for higher preservation of nutrients and vitamins which are heat sensitive. Nonetheless, it does not destroy enzymes, responsible for retarding juice degradation. Hence, juices produced through HPP require refrigerated storage to slow down the aging process of the juice. As a result, this technique implicates a shorter expiration date, usually up to 30 days (Moreira, Nuno 2019 Interview). Having this in mind, it is possible to conclude that this technological process leads to a fresher and better-tasting product (AIJN 2018).

Finally, the premium segment of the market, even though still a niche, is growing for the past years, bringing attention to cold-pressed juices. This is a pre-packaging manufacturing process that consists of having fruits and vegetables crushed and pressed with a hydraulic press to extract the maximum amount of juice, without the extensive use of heat or extreme water pressure. This brings advantages as the optimal nutrient and vitamin preservation. Nonetheless, the technology leads to an extremely short expiration date that lasts up to 3 days (Moreira, Nuno 2019 Interview). Although cold-pressed juices are, undoubtedly, an efficient way to consume a proper amount of fruits and vegetables without losing minerals, vitamins, and enzymes present in the ingredients, it is still not scientifically proven that they deliver special health benefits (Webster 2015). Additionally, it brings significant investments for brands due to the high machinery costs (Moreira, Nuno 2019 Interview).

2.3.5 Legal

The EU clearly defines the difference in composition requirements to classify the products as a soft drink, 100% fruit juice or nectar. Hence, brands must strictly comply with these guidelines in terms of production, composition, label information and communication (European Union Law 2012). For instance, in the 100% juice market, brands are not allowed to communicate that juices are sugar-free since 100% fruit juice already implies having no added sugar, besides the fructose present in the fruit. This complicates the communication process with the consumer and may affect the perception of these juices. (European Union Law 2012)

Since October 2019, food and drinks with high fat, sugar and salt contents had their advertising strictly banned from targeting potential consumers under sixteen years old of age. The reasoning behind this law is the concern about unhealthy habits of the younger population, which might lead to child obesity. These measures are expected to have multiple impacts, such as where to advertise and channels used — offline and online —, as well as the nature of the products and their recipes. (Diário de Notícias 2019)

2.3.6 Environmental

Customers are becoming more environmentally conscious which is visible in the J&N market. Consumers desire products that are renewable, recyclable and with a low carbon footprint. Companies are seeking to commercialize juices in plastic-free bottles. Tetra Pak is a company that plays a role in the market and has been investing in these areas. (Tetra Pak 2019)

Another issue is the intensive agriculture and the use of greenhouses, mainly in the south of Portugal, that may affect the market on two fronts. On one hand, the use of chemicals in the process that goes against the trend of natural ingredients and healthy habits. On the other hand, this intensive agriculture is prejudicial for the environment due to the creation of pollution and destruction of biodiversity. (Público 2019)

2.4. Collaborators

The most important Compal's collaborators can be divided into four main groups: i) Production, ii) Logistics, iii) Retail touchpoints, and iv) Advertising partners.

2.4.1 Production

Compal has an exclusive partnership with a few orchards, used for local production for fruits as *Pêra Rocha*, apple, apricot, and *Ameixa Rainha Cláudia* (Martins, Ana Rita 2019 Interview). As local fruit providers are not enough to cover the whole production, Compal also imports fruit concentrate from long-trusted fruit providers from outside of Portugal (Martins, Ana Rita 2019 Interview). The relationship with fruit providers has evolved over the years, allowing the brand to achieve high-quality fruit standards and deliver the freshest products to the consumer. Further, extensive quality checks are slightly reduced when fruit delivery takes place coming from such providers, as risk is lower and a trustworthy relationship is enhanced (Moreira, Nuno 2019 Interview).

In terms of production facilities, Sumol+Compal owns four different factories placed in strategic locations: Almeirim, Pombal, Gouveia, and Vila Flor (Exhibit 13). In terms of J&N production, all activities are concentrated in Almeirim.

2.4.2 Logistics

The logistics process involves bringing fruit to the factory, transporting packaged products from the factory to the warehouse centers, and from those centers to the retail channels — HORECA and modern.

Compal presents a fully integrated distribution, allowing the brand to cover most of the country. Products are transported from the factories to the warehouses and, afterward, to distribution centers (Exhibit 13). Nevertheless, some locations are not fully covered by Compal, as well as situations where the company is not able to fully distribute its production. In those cases, the company outsources part of the logistics to third-party providers, as Luís Simões SA. Contracts between parties are signed with fees and fines in the scenario of non-compliance. (Martins, Ana Rita 2019 Interview)

2.4.3 Retail Touchpoints

All entities and B2B customers who belong to both HORECA and modern channels are important collaborators. They not only constitute customers, but also partners in the sense that they are, ultimately, responsible for providing the customer experience as well as the product availability to the end-customer. Thus, it is important to ensure that a good relationship is in place. Additionally, the company supplies directly to both channels and to Cash & Carry and distributors (Exhibit 14) (Martins, Ana Rita 2019 Interview).

In Portugal, ten retailers account for a total of 1,887 stores (Exhibit 15) (Martins, Ana Rita 2019 Interview). In 2017, the top three, composed by Sonae (21.9%), Pingo Doce (20.8%), and Auchan (9.5%), was capturing more than 50% of market share. (Exhibit 16) (Sonae MC 2019)

2.4.4 Advertising Partners

Compal collaborates with five agencies to communicate more efficiently and concisely. Before a campaign, the company announces to all agencies the main objectives and the key message for each communication part. Hence, Compal counts with creative, media, public relations, digital and trade content agencies (Exhibit 17). (Martins, Ana Rita 2019 Interview)

2.5. Customers

Compal's portfolio aims to satisfy different types of consumers. In fact, the company subdivides its portfolio into three different pillars (Compal 2019), each encompassing a range of different products (Exhibit 18). Ultimately, these pillars intend to reach different types of consumers: i) nutrition and trust, aimed to target those that value the fruit flavor from trusted sources and for the every-day consumption; ii) well-being, for those that are mostly health conscious and are looking for low-caloric options; iii) surprise and sophistication, targeting trend-seekers that are looking for new and creative flavors. In general, Compal's target differs within each product line, yet all commonly value what nature has best to offer (Exhibit 19). (Martins, Ana Rita 2019 Interview)

Compal is mostly a B2B2C brand, which implies the HORECA and the modern channel as

customers. Nevertheless, it is in Compal's best interest to assure the best final customer experience, hence the need to guarantee that retailers properly deliver the product and respect the brand.

3. Potential Solutions

Following a macro and micro analysis regarding the overall J&N market and the specific case of Compal, it is now possible to point out some possible directions that could be embraced by the company to accomplish the proposed challenge. With this evaluation in mind, and resorting to brainstorming, it was possible to conceive fourteen different ideas.

3.1. Potential Solutions Presentation

Communicate Full Naturalness: the first idea responds to the trend toward more natural options, by changing the current product composition of Compal's nectars. Even though Compal is offering juices with almost all-natural ingredients, it still uses refined sugar in its nectars. The idea would be to communicate full naturalness in its nectar packaging, by moving to cane sugar, a natural sweetener.

Adding New Condiments: examples of ingredients would be mint, basil, cinnamon, or ginger. This would diversify the portfolio by offering new benefits. Nonetheless, it can be very easy to copy and might bring some issues concerning the production.

Smoothies: during a meeting with Compal, the company informed of their intention to reposition Compal Summo as a smoothie, by changing the name of the product. Smoothies are already being offered by other brands in Portugal, and even by private labels. Nonetheless, smoothies could result in the cannibalization of Compal's portfolio.

Compal Pro: consumers are looking for new products that contain high levels of protein and options that satisfy hunger for longer periods (Compal 2019). By adding whey protein to Compal's juices, a natural protein that is aligned with the naturalness of the brand's portfolio, the brand could re-enter this market as Compal already had a similar product in the past: Compal Essencial +, which had extra fiber, however, it had rotation problems and had to be delisted. Nonetheless, this idea would

require an investment in order to educate consumers on the naturalness behind the protein used.

Compal Probiotics: launch a juice containing probiotics — a bacteria that facilitates the digestion of food, enhances nutrient absorption and strengthens the immune system. Nonetheless, it represents a niche market as consumers are not aware of this concept yet. Besides, it would also involve a high investment to educate consumers about the benefits behind this product, as they are not familiarized with the concept.

Compal Supersumo: use superfoods to create a juice that is able to replace meals and enter the grab & go segment. Notwithstanding, this idea is easily copied and not innovative as other companies are already doing it, as is the case of Innocent with super smoothies.

Sustainable Packaging: Compal already embraces different sustainability practices, however, there is still room for improvement. Edible packaging was considered, with the packaging being made out of seaweed (Notpla 2019). Nevertheless, its concept is very futuristic and most likely quite expensive. Another possible solution was the implementation of a circular economy at supermarkets. Consumers could earn their cash back or discounts and the packaging collected would then be sent back to the factory to be reutilized. This circular economy concept would require a high investment, as well as bring rising concerns about the consumer incentive to bring his old packages to the supermarket.

Ice Cream Rolls: the idea consists of installing a pop-up store in strategic places and commercialize ice cream rolls using Compal's products, which would be deposited in a freezing plank with milk. Nevertheless, after presented to Compal, it was suggested to embrace this idea as an activation initiative for the brand.

Baby Food: enter the baby food market by offering a 100% fruit pulp product. Nonetheless, Compal confirmed that such was already being thought of. One should keep in mind that it is a very saturated market with strong established brands, which may lead to low adoption potential from customers.

Cold Pressed Production: use a new production process that ensures fresher and more natural juices. Nonetheless, this would require substantial investment in new machinery, as Compal currently uses pasteurization. Furthermore, it would require a more frequent and faster distribution chain due to shorter expiration dates.

Compal Summo do Dia: offer a chilled juice produced and sold by Compal in both channels — modern and HORECA. Thankfully, it would not require a high investment, as the production process would involve pasteurization, yet at lower temperatures. Nevertheless, logistics would be affected as it would require a faster and more frequent distribution due to a lower expiration date.

MyCompal: juice machines placed in strategic places allowing consumers to prepare their customizable juices, similar to the recently introduced freshly squeezed machines in the supermarket. Despite creating new distribution channels — busy areas within the city or new placement in the supermarket —, it would require high levels of investments and complex logistics, as well as demanding negotiations with retailers.

Although the following ideas will not be developed, they were part of the brainstorming phase and shall, therefore, be included. After meeting with the company, it was understood that those were out of scope and should not be pursued: *Compal Cocktail* consisted of providing cocktail recipes that would include Compal, as it was once done for Compal Veggie (Durães 2015), yet the company showed no interest in pursuing that direction; *Frozen Fruit* consisted in offering frozen pulp fruit in supermarkets that would allow consumers to produce their own homemade juice by blending it with water, or instead, produce their own homemade ice creams. However, this idea would weaken Compal's brand since the brand itself would not be represented in the consumption moment.

3.2. Risk/Potential Matrix

To evaluate these ideas in terms of risk and potential, a matrix was created. To assess each idea's potential and risk, different factors were considered (Exhibit 20). Each factor was scaled between 1 and 5, being 1 the lowest level possible of the factor and 5 the highest. This

implies that high values are good regarding potential, yet bad for risk. All factors were given a weight relative to their importance for the project and the brand. Afterward, it was discussed a value from the scale for each parameter within each idea.

Regarding the matrix, in the horizontal axis, potential was placed, whereas, in the vertical, risk was depicted. Both axes range from 0 to 5, meaning that the origin point — where both axes intersect — is worth 2.5 in terms of risk and potential. To place each idea on the matrix, a weighted average was computed taking into account each factor's weight and the respective value. Ideas were validated with Compal to understand what was out of scope and what was feasible from the company's perspective. Furthermore, their input was received in what concerned the different factors and each one's weights.

Hence, there are four different quadrants within the matrix: quick hits (low potential/low risk), not attractive (low potential/high risk), very attractive (high potential/low risk) and question marks (high potential/high risk) (Exhibit 21). When analyzing the matrix, it is possible to conclude that seven out of the fourteen ideas were plotted in the upper right quadrant, meaning higher potential and risk. For a better understanding, the axes were readjusted to a new origin point with a potential of 3.13 and a risk of 2.78, which resulted from a weighted average of all the ideas.

After placing the previous ideas in the risk/potential matrix (Exhibit 22), it was possible to conclude that there is a clear direction to this project, the very attractive quadrant, that englobes *Communicating Full Naturalness* of Compal's ingredients, *Compal Supersumo*, *MyCompal* and *Summo do Dia*. Thus, the ideas with higher potential — *MyCompal* and *Compal Summo do Dia* — ought to be validated and tested with the insights gathered from the primary research.

4. Methodology

For the purpose of developing the marketing plan, both secondary and primary research were conducted to fully comprehend the J&N market.

4.1. Secondary Research

The secondary research was utilized to understand trends, in addition to company and market context. Additionally, it was used to support marketing decisions.

This research involved three types of secondary data. Document secondary data research was addressed through the organization's databases, such as Compal's website, blogs to comprehend some trends, and newspapers to better understand the context of Compal in the Portuguese market. Besides this type of data, survey-based secondary data was conducted, as it was the case of INE to investigate the characteristics of the Portuguese population. Conclusively, multiple-source secondary data was also utilized, such as AIJN — a European report regarding the J&N market — and Nielsen databases, which present J&N market data in Portugal. (Saunders *et al.*, 2016)

4.2. Primary Research

For this project, a mixed-method research design approach was adopted. It combines qualitative and quantitative research, in a sequential exploratory approach, which implied using quantitative research to validate insights obtained from qualitative research. (Saunders *et al.*, 2016)

Complementarily, a visit to Compal's factory was conducted to learn about the brand's production process and an overview of the respective supply chain. Additionally, visits with the sales teams were performed to better comprehend the distribution of the products in both the HORECA and the modern channel. Furthermore, two meetings were conducted with the creative and media agencies to understand the whole process and the rationale behind previous Compal's campaigns. The team also had regular meetings with the marketing manager of Compal, in order to clarify and align details. Besides this, it was also possible to gather insights from experts, namely R&D and factory engineers that work in Compal's factory in Almeirim. Finally, some research was made in the HORECA channel, through in-store observations and conversations to understand the composition of the daily juices and prices practiced in this channel.

4.2.1. Qualitative Research

4.2.1.1 Marketing problem

The underlying marketing problem was to determine consumer preferences and purchase behaviors regarding the J&N category, in order to analyze the possibility of bringing substantial growth by ascertaining the potential of new innovative products.

4.2.1.2 Methodology and questionnaire

The qualitative research involved unstructured in-depth interviews, where interviewees had the opportunity to openly talk about their preferences, behaviors, and beliefs regarding the topic (Exhibit 23) (Saunders *et al.*, 2016).

To ensure interviewees were a good fit for the face-to-face interview, a pre-recruiting questionnaire was distributed among potential candidates. Primarily, interviewees were narrowed by excluding those that have lived in Portugal for less than five years. Additionally, in order to divide between consumers and non-consumers, candidates were asked about the last time a J&N was consumed, within a period of six months.

4.2.1.3 Sample

The sample was composed of 30 people, 25 consumers of the category and 5 non-consumers. Within the latter group, there was an attempt to better understand the reasons for not consuming the category. From those 5 non-consumers, only one purchased J&N for children. In terms of gender distribution, 17 were female. Even though all age groups were covered, most interviews were concentrated in the group from 18 to 25 years, 11 in total. Occupation wise, the majority was employed — 19 out of the 30 interviewees. (Exhibit 24)

4.2.1.4 Main findings

The data was collected and analyzed in order to find meaningful patterns in the J&N market. As a result, different segmentations were assessed to find the most suitable one. Non-consumers were analyzed and, afterward, consumers were evaluated regarding their behavior, image, and perception.

Firstly, within the non-consumers group, reasons not to consume were evaluated to understand if there was space to create the category need. Nonetheless, strong motives as disliking of the category and nonexistent habits of consumption led to the conclusion that it would be difficult to persuade them. Hence, non-consumers will not be further considered.

In terms of consumers, different variables were explored. Regarding brands purchased, the analysis showed that most consumers overlap consumption of Compal with other brands as well as private labels, except one of the interviewees, which only consumed freshly squeezed juices in supermarkets (Exhibit 25).

By looking at the sample as a whole, the results showed that the modern channel is the preferred channel, as most of the purchases were within this channel. As the two channels exhibit significant differences, further analysis was conducted. When combining the different channels with respective purchase frequency or liters consumed, it was possible to find meaningful patterns. It is important to note that as opposed to the modern channel, it was not possible to define liter consumption in the HORECA channel, therefore frequency was used instead. Regarding the modern channel, a three-level partition was established — light (less than or equal to 2 liters per month), medium (between 2 and 4 liters) and heavy consumers (equal to or greater than 4 liters) —, whereas in the HORECA it was used a two-level division — light (once a month or less) and heavy (more than once a month) (Exhibit 26).

In what concerns purchase behaviors, purchase drivers were inquired for the overall consumers, enabling the draw of some insights. The most mentioned factors were flavor authenticity, followed by quality, naturalness, and the importance of brand (Exhibit 27). Also, transparent packaging is a relevant purchase driver for the interviewed consumers. Nevertheless, it is interesting to note the difference in purchase drivers when segmenting the general sample by frequency and channel of purchase. Relatively to the modern channel, packaging, price, and promotion were most mentioned by both heavy and medium consumers, whereas brand and quality were emphasized by both light and

medium consumers. As for the HORECA channel, the price was mostly mentioned by heavy users while, on the other hand, light users focused on quality and naturalness. Nonetheless, it is important to reinforce that the latter channel is associated with an impulsive purchase.

Regarding consumption behaviors, the most mentioned occasion of consumption was breakfast (Exhibit 28). Furthermore, when using the frequency of purchase, it is possible to conclude that, in both channels, light users are mostly associated with a snack, whilst heavy consumers prefer main meals.

The most mentioned consumption drivers overall were tasting good, being healthy, refreshing and feeling like having fruit (Exhibit 29). For both channels, light consumers are driven by taste, whereas heavy consumers withdrawal pleasure from drinking juice, as they feel like having fruit.

Throughout the interviews, some consumption constraints mentioned by consumers were understood, namely the preference for freshly made juices, the amount of sugar and the habits and routines (Exhibit 30). Even though these constraints represent a significant finding in qualitative research, the nature of the topic does not allow for further validation with quantitative research as it would create biased responses.

For the following subjects, the overall sample was always considered as opposed to the abovementioned division per frequency and channel, since no significant differences were found among the insights. In terms of image and perceptions, different topics were analyzed. Regarding valued attributes, consumers mostly mentioned flavor authenticity, naturalness, and freshness (Exhibit 31).

Within the flow of the analysis, two key insights on consumers' preferences were revealed. On one hand, there is a strong preference for freshly squeezed juices, namely daily juice, homemade and freshly squeezed juices in the supermarket. In fact, Compal already addresses this need with its own sales point – *Frutológica* – in the TimeOut market, where consumers choose their own combination of fruit at the time of order. However, *Frutológica* was never mentioned in the interviews. On the

other hand, consumers desire more natural options that are associated with no added sugar or additives. In the case of Compal, the brand is already offering products that replicate this preference, namely Compal Summo. Nevertheless, consumers fail to notice Compal's offer as there is a remarkable confusion between what is a 100% juice and a nectar (Exhibit 32), and among the different sub-brands in Compal's portfolio (Exhibit 33). As a final note on image and perception, thoughts on private labels were studied. Indeed, the majority presents a positive perception as they associate them to have a good price-quality relation.

In terms of brand awareness, Compal is a top of mind brand, as 29 out of the 30 interviews immediately mentioned the brand (Exhibit 34). Consumers also revealed to have high recall of private labels. (Exhibit 35).

To further assess how Compal is perceived by consumers, an associative technique was performed, which consisted of the interviewee choosing three adjectives that mostly defined the brand. The association technique showed that most consumers associated Compal to *Portugalidade*, tastefulness, and freshness.

Relevant quotes taken from the above interviews can be found in the Exhibit 36.

4.2.1.5 Limitations

It is important to outline some limitations regarding the aforementioned research. Although the sample is relatively diversified in age and occupation, it is important to recognize that it is not representative of the Portuguese population, due to its size. Furthermore, the sample might be biased by the nature of the contact's network and not representative of all locations, since the majority of the interviewees live in big cities. To overcome these limitations, a wider sample was aimed in the following quantitative research.

4.2.2. Quantitative Research

4.2.2.1 Marketing Problem

The quantitative research aimed to validate the qualitative insights regarding consumers'

purchase and consumption behaviors, as well as their perception toward the category and the brand, in order to analyze if there was an openness to new innovative products. The ultimate goal was to assess the possibility of bringing substantial growth to Compal.

4.2.2.2 Methodology & Questionnaire

As part of the primary data research, a self-completed internet questionnaire was performed using the web-based survey Qualtrics (Exhibit 37). The development of the questionnaire was based on insights gathered throughout the qualitative research. Comparative and non-comparative scaling techniques were included in the questionnaire. The former comprised rank order scales whilst the latter combined Likert scales — degree of agreement ranging from 1 to 5 — and semantic differential scales — bipolar labels on a 7-point scale. (Saunders *et al.*, 2016)

A probability sample technique was applied for the online questionnaire, more precisely a simple random sampling was used, selecting Portuguese consumers who had lived in Portugal for more than 5 years. The survey was available for one week in November and it was shared via social networks and mobile messages.

Regarding the survey's structure, it was a dynamic questionnaire with a total of 54 questions, meaning that according to certain answers, consumers would be led through different adjusted paths. Answering the questionnaire took on average 10 minutes.

Afterward, a data analysis procedure was conducted, that generated statistical and numerical information.

4.2.2.3 Sample

The total number of respondents that concluded the online survey was 580. Nevertheless, some of them did not fulfill the selection criteria. Subsequently, the valid sample resulted in 535 respondents by excluding individuals who had not been living in Portugal for the last five years — 22 — and non-consumers of J&N — 23.

Considering the valid sample, 60% were female (Exhibit 38). Moreover, the ages between 18 and

24 years old accounted for the biggest share — 34% —, followed by the group aged 50 to 64 (Exhibit 38). As for the household income, most respondents had an average income comprised between 1,500€ and 3,000€ (Exhibit 38). Regarding the frequency of consumption, most of the consumers — 60% —, had a low frequency of consumption, which allows to conclude that the majority of respondents within the J&N category are light users (Exhibit 39). Conclusively, given the large number of responses, as well as the balanced characterization of the sample, it can be assumed to be representative of the Portuguese population.

4.2.2.4 Main Findings

For the purpose of this analysis, a validation criterion was applied to infer the relevance of the insights from the quantitative work. Those that presented a percentage higher than 35% were considered significant, as it represents one third of the sample, representative of the Portuguese population. The segmentation used in the qualitative research, which was based on purchase frequency and liters consumed per channel was not utilized anymore, as such division did not present relevant insights on the quantitative data. Hence, the sample was analyzed as a whole.

Regarding the brands purchased, it was possible to conclude that most respondents opt for Compal when buying J&N. Moreover, some also buy it alongside with private labels and those who buy Compal with other brands, which is aligned with the findings from the qualitative research.

In what concerns the drivers behind purchasing, it was possible to identify that consumers were mostly driven by flavor authenticity, quality, healthiness and price, a result that differs from the qualitative insights, as previously naturalness and brand were also included (Exhibit 40).

Concerning the occasions of consumption, it was concluded that spontaneous consumption was the top chosen, followed by snack in the afternoon, in the modern channel (Exhibit 41).

In terms of the most valued attributes in a juice, the most mentioned were flavor authenticity (55%), naturalness (64%), and no added sugar (45%), in accordance with the qualitative analysis. Nevertheless, consistency, which was part of the top four in the qualitative analysis, was substituted

by freshly made, mentioned by 63% of the consumers in the quantitative research. (Exhibit 42)

Similar to the insights from the qualitative, almost half of the consumers who purchase in the modern channel (43%) have a good perception toward private labels whereas, 37% have a negative perception, claiming manufacturer brands offer higher quality or that private labels, although more affordable, have no quality.

By applying an association technique, it was possible to confirm that the majority of the respondents had a positive perception of Compal which is in line with what was concluded in the qualitative research. Finally, most respondents associate Compal to the words *Portugalidade*, quality, reliability, tasty, traditional, and natural (Exhibit 43). The previously stated adjectives are considerably aligned with the three pillars on which the brand relies — *Portugalidade*, *Frutologia*, and Naturalness. Hence, it is also in line with the positive association previously seen in qualitative research.

From the in-depth interviews, two key insights were uncovered. On one hand, consumers increasingly value more natural options — no added sugar and preservatives. On the other hand, there is a preference for freshly made juices — which included homemade juices, freshly squeezed in supermarkets and daily juices in HORECA. Hence, using quantitative research it was possible to further comprehend both.

More natural options are strongly correlated with what is already being offered in the market, 100% juices. This lack of awareness might be explained due to the misinformation regarding the perceived difference between nectars and 100% juices' composition (Exhibit 44).

In what concerns freshly made juices, the three different options were explored. Regarding homemade juices, 66% of consumers stated that it was something they used to do and was mostly associated with breakfast and snacks in the afternoon. The motives behind the preference of homemade juices — compared to the possible acquisition of a J&N in modern or HORECA channel — were due to the fact that the former is more natural, healthier, containing more nutrients and

vitamins, and less sugar. In terms of the freshly squeezed juice in the supermarket, 47% stated they had already purchased these juices. The most valued attributes for this choice were naturalness, freshness, being made in front of the consumers, and no added preservatives or sugar. Finally, concerning the daily juice in HORECA, 75% of the respondents revealed they opt for this juice. When compared to Compal, consumers perceived these juices as more natural (84%), healthier (82%), containing more nutrients and vitamins (75%), yet more expensive (76%). Regarding taste, there was some disagreement among respondents. Some stated daily juice is tastier (48%), while the rest considers both Compal and daily juice as equally tasty (38%).

These last two preferences regarding freshly made and natural options posed as an opportunity to explore a market that is somewhere in between — chilled juices. In terms of freshly made it was aimed to investigate how consumers perceived chilled juices' naturalness, as well as their purchase and consumption behavior toward these products, to understand if there is market potential. Regarding purchase and consumption behavior, the majority of the consumers who purchased in the modern channel were buying J&N on shelves (77%) compared to the 33% who bought chilled juices in the refrigerator's areas. Nevertheless, chilled juices are perceived to be more natural, healthier and contain fewer additives in contrast to ambient juices, although they are perceived as more expensive.

Another important aspect of the quantitative analysis was to test the ideas that were considered to have the greatest potential — *MyCompal* and *Compal Summo do Dia*.

Regarding the first idea — *MyCompal* — there were four different statements to be ranked by consumers concerning the idea (Exhibit 45). It was revealed that consumers valued the possibility of personalizing their juices in terms of fruit combinations and consistency — more/less liquid/pulpy — as well as sustainable packaging. Nevertheless, the tradeoff between complexity and required investment and the consumers' perceived value led to the belief that this idea should not be pursued.

For *Compal Summo do Dia*, the study revealed receptivity to Compal offering a daily juice, as 61% of the HORECA consumers agreed with the company being able to offer a daily juice and 79%

stated they would buy *Compal Summo do Dia*. Moreover, 83% valued the fact that daily juice is offered in cafes. (Exhibit 46)

As part of the challenge proposed, distribution channels were also addressed. By considering the propensity to buy in alternative channels, it was concluded that the majority still prefer buying in places they already buy J&N, as supermarkets, vending machines, and the HORECA channel. Although workplaces, schools, and universities usually dispose of vending machines, consumers mentioned these channels as desired places to acquire J&N, which might be justified by the potential lack of availability.

Conclusively, consumers are demanding more natural options and freshly squeezed juices. Combining consumers' demands with their positive perception of chilled juices, it is believed these are, indeed, able to deliver a more natural and fresher juice.

4.2.2.5 Limitations

It is important to outline some limitations regarding quantitative research. Even though the sample is representative of the Portuguese population, it might be biased as the questionnaire was mostly spread throughout the researchers' contact's network. Additionally, there was a tendency for most respondents living in big cities. Lastly, it is important to highlight that within an online questionnaire, answers are normally biased as respondents are provided with previously defined answers, reducing freedom to express opinions and enhancing the possibility of exclusion through available answers.

5. *Compal Summo do Dia*

After conducting both qualitative and quantitative research and aligning insights and trends with the potential solutions that resulted from the brainstorm, it was decided to implement *Compal Summo do Dia* by launching a new product in Compal's portfolio, in 2021.

Compal does not possess in its portfolio a juice that closely mimics the freshness of squeezing fruit, moments before drinking the juice. Hence, as it is perceived as more natural, healthy and fresh

in consumers' minds, the brand should attempt to enter the chilled juices market and introduce a new line of products that targets the aforementioned needs and allows for wider market coverage.

Concerning the production of the product, Compal *Summo do Dia* will be the freshest juice offered by Compal. As a result, Compal *Summo do Dia* must follow chilled storage, distribution, and display at the point of sale. In the modern channel, this means the product will not be placed in the ambient juices section alongside most of Compal's products, but in the chilled areas instead. In the HORECA, it is intended for Compal *Summo do Dia* to be placed in the chilled showcase usually disposed by these establishments, while in the new HORECA a different solution will be presented.

Hence, Compal *Summo do Dia* is designed to be a 100% fresh blended juice that offers different combinations of fruit and aims at providing the flavorful fresh blend, that will be present in both modern and HORECA channel.

6. Key Success Factors

Key success factors influence the probability of success of a firm within a business, namely by providing what consumers want and comprising what the company needs to thrive in the market (Grant, 2016). When defining the key success factors, it is important to take into account the consumers' misinformation regarding juices composition — primary research —, and the fact that chilled juices are a growing, but still not a substantial category. Additionally, it is crucial to understand this is a low involvement category, which means consumers perceive low risk toward the category.

Key Success Factors	Description
Logistics	The production process implies a shorter expiration date thus, an efficient logistics will maximize the products shelf-life, increasing probability of being purchased as well as minimize waste
Product Availability	It is important to reach a high level of product availability, leveraging a high market penetration
Purchase Facilitation	Being a low involvement category, easiness in purchase allows for a higher probability of being purchased

Product Experience	Consumers value the experience and personalization, thus a brand that assures the best final experience will thrive
Brand Strength	Mainly associated with the brand image, as brands use marketing to create and engage in an emotional relationship
Product Innovation	It is important to ensure that the flavors offered are successful. Additionally, the firm should constantly diversify the current portfolio offer in order to match new consumer needs
Healthy Concerns	Given the increasing health concerns, a firm must assure its products deliver a natural and healthy composition

Table 2 Key Success Factors

7. Marketing Strategy

7.1. Segmentation

Marketing strategy allows for the separation of the market, identification of potential consumers and selection of a value proposition for those same consumers (Gupta, 2014). Developing a marketing strategy involves developing segmentation, targeting, and positioning.

Segmentation is the way of separating the market into homogeneous groups with similar needs, which allows for a more tailored communication and offer by the company (Gupta, 2014). After analyzing the primary research, it was evident that consumers mostly value different attributes a juice could offer, thus, the benefit sought was used as the basis for the segmentation. The majority of consumers, when confronted with the most valued attributes, mentioned the juice freshness. On the other hand, they do not disregard the flavor authenticity that is expected to be present in the juice. Additionally, nutrients and vitamins, as well as the added ingredients — sugar or preservatives — were mentioned during the research, and, therefore, combined into the health attribute.

These three valued attributes were plotted into two axes, creating a segmentation chart with four quadrants. On the horizontal axis, freshness was represented, while in the intersecting vertical axis, healthy and flavor authenticity combined were depicted.

After analyzing the quantitative research, it was possible to divide the market into four segments based on the axes previously mentioned, each one representing a quadrant (Exhibit 47).

Segments	Description
Benefit seekers 12% of the sample	Consumers concerned with the authenticity of flavor and the juice content. They value the functional benefits of the juice
The Chillers 38% of the sample	Younger consumers, that are health-conscious and information seekers, pursuing more natural and authentic options. This is complemented by the pursuit of freshness that leads to their ideal fruit juice. Additionally, they pay attention to the labels and the juice composition
Sweet tooth 35% of the sample	Comprises all consumers from different ages, that are looking for a sweet juice. These choose their fruit beverage regardless of the drink's benefits.
Fresher Minds 15% of the sample	Are looking for refreshment regardless of the chosen beverage, prompt to consume outside the category.

Table 3 Market Segments

In order to evaluate the market competition, all J&N brands were positioned on a perceptual map, using the same chart and axes as the ones used for evaluating consumers' perspectives. For the freshness axis, brands were evaluated regarding the already explained production processes namely cold pressing, HPP and pasteurization. As for the vertical axis, the healthy attribute included the percentage of fruit, added sugar and preservatives present in each juice, whereas flavor authenticity took into account if the juice derived FC or NFC.

By analyzing the perceptual map, there are two main differences in the chart. On the left quadrants, consumers contemplate ambient juices, contrary to the right quadrants, where chilled or freshly made juices are considered. Regarding Compal's position on the map, it was concluded that the brand is only present on the left quadrants of the freshness axis, as it only offers ambient juices. Thus, there is an opportunity on the right quadrants, as it represents a growing market with a relatively low number of players — as opposed to the left quadrant. (Exhibit 48)

7.2. Targeting

To seize the opportunity, *The Chillers* was the chosen segment to be targeted. Thus, this segment was evaluated in terms of attractiveness and the company's fit. The segment was considered to be the target due to three main reasons.

Primarily, based on quantitative research, an estimation of the segment size was depicted.

Consumers that value these three attributes represent 38% of the J&N market. As the sample obtained from the quantitative was large enough, it is possible to assume that it is representative of the Portuguese population. From the 580 responses, people that do not live in Portugal were excluded, attaining a total of 558. As 23 are non-consumers, which account for 4% of the total Portuguese population, it is assumed that consumers of J&N in Portugal represent 96% of the total population. From the J&N consumers, it is implied that the target consumers (38%) represent more than 3 million potential consumers of Compal *Summo do Dia* in Portugal. Hence, in terms of attractiveness, this segment represents a unique opportunity for Compal, since the potential market is large enough to bring growth.

Secondly, the segment's valued attributes are perfectly aligned with Compal's objectives and culture as the company aims to offer a natural and closer-to-the-tree experience. By closer-to-the-tree it is meant that Compal's offering aims to get closer to nature, by providing products that are the freshest and the least processed possible. Moreover, the target is searching for a juice that combines freshness, naturalness, healthiness, and flavor. Hence, Compal, using *Frutologia* alongside the know-how in blending, is able to deliver what the segment is searching for. Regarding the company's fit, the segment is aligned with what Compal advocates and is currently offering.

Ultimately, it was noticed that there were already established players on the right quadrants of the matrix. The majority of the competition is offering exclusively chilled juices, as it is the case of Innocent or Sonatural. Also, private labels are already investing in these juices, such as Pingo Doce. Nevertheless, for Compal, maintaining market leadership requires to be at the forefront of innovation and trends. The competition in chilled juices and daily juices does not present the strength of such an established and historical national brand, which could pose an advantage for Compal.

The target presents a balanced gender, with a slightly higher percentage of females (58%). Regarding age, it demonstrates a balanced distribution despite the lower levels for the extreme ranges (Exhibit 49). Finally, the segment mostly includes consumers with middle and higher income (Exhibit

49). The majority of the target is light consumers in both modern and HORECA channels, with 40% of them already purchasing in the refrigerated juice area in supermarkets. Relatively to occasions of consumption, spontaneous consumption is the most preferred in the modern channel. Conversely, for HORECA, the most mentioned occasion was snack in the afternoon (Exhibit 50).

In terms of freshly made options, two out of three consume homemade juices, with breakfast being the most associated occasion of consumption (Exhibit 51), half of the consumers buy freshly squeezed juices in the supermarket, and 80% buy daily juice in HORECA.

7.3. Positioning

In what concerns positioning, the brand decides how it wants to position itself in consumer's minds rather than what to do with the product itself (Ries *et al.*, 1972). A positioning for the final consumer was elaborated to demonstrate how the product aims to be perceived by them. Furthermore, two more positioning statements were created, directed to both modern and HORECA channel to illustrate what Compal is offering and justify why it is superior to the other players in the 100% blended juice market, as both represent a consequential role as intermediaries.

The positioning statement for the final consumer is 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 presented below, 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].

8. Brand

8.1. Brand Identity

Brand identity states what makes a brand unique and valuable (Kapferer, 2012) and reflects on how the brand would like to be perceived (Aaker, 2002). Hence, it is extremely important to incorporate in Compal's brand identity, the aspects that Compal *Summo do Dia* will bring to the brand. The proposed model by Kapferer (2012) was utilized, as it is the most complete one since it takes into account both the company and the consumers' side. Thus, six dimensions were considered, which are explained below and further summarized in Exhibit 52.

Physical: the following dimension refers to all the salient brand and product features. Thus, the introduction of an adapted logo to Compal *Summo de Dia* should be mentioned. The logo tries to evoke the closeness to the tree as it represents a wooden signboard, complemented with green plants with both Compal's main logo and a reference to the new product (Exhibit 53). Furthermore, the new product will be sold in transparent packaging for both HORECA and modern channels. Additionally,

a slogan will be used, which aims to salient the freshness of the newly introduced product: “Compal *Summo do Dia*, a frescura da *Frutologia*”. The cold temperature of the juice inherent to its chilled storage and transportation needs is also an important product feature. As a last note on the physical dimension, the tags introduced in the packaging for the new HORECA to differentiate from the remaining HORECA should be mentioned (further explained in section 9.1).

Relationship: this dimension refers to the emotional counterpart the brand wants to deliver to its customers. As a result, Compal *Summo do Dia* aims at providing their consumers a more natural and fresher juice with a closer-to-the-tree experience, possible through their know-how. Ultimately, bringing the best of what nature has to offer by selecting the freshest fruit from Portugal and some foreign countries, as Colombia and Paraguay.

Reflection: the consecutive dimension refers to the ideal customer, seen from a third-party perspective. Thus, the ideal consumer is someone who values health through an even more premium juice offer.

Personality: the next dimension refers to how the brand would be characterized as if it was a person. Hence, Compal *Summo do Dia* deepens Compal’s personality as trendy, fruit loving, healthy and happy.

Culture: being self-explanatory, this dimension refers to the culture within the brand. As it is a product built on Compal’s main pillars, it is all about *Portugalidade*, heritage, *Frutologia*, naturality, and purity.

Self-image: the last dimension refers to how the customer wishes to see and feel about himself, from an inward perspective. Ideally, the customer of Compal *Summo do Dia* should feel as they are healthier by drinking this fresher juice.

8.2. Brand Architecture

Brand Architecture refers to the internal design and organization of the different sub-brands Compal offers. Compal currently has six different pillars being differentiated between them by

products' nature and benefits offered. Hence, Compal presents an umbrella brand strategy, which is beneficial for the company as there is capitalization on one single name, allowing a higher penetration in new sectors due to the high brand awareness (Kapferer, 2012).

Thus, Compal *Summo do Dia* will integrate Compal's architecture through the *Nova Nutrição* pillar, as it intends to deliver to a certain extent, similar benefits and characteristics, alongside Compal Summo, Vital and Veggie (Exhibit 54).

8.3. Brand elements

Brand elements are an important aspect as it is through these that consumers are able to identify and differentiate brands. Additionally, brand elements ought to be memorable, meaningful, likable, transferable, adaptable and protectable. (Keller, 2013)

Having this in mind, Compal *Summo do Dia*'s elements were depicted. It is possible to highlight the brand's name — Compal *Summo do Dia* —, the logo, the slogan — “Compal *Summo do Dia*, a frescura da *Frutologia*” —, and the packaging alongside its QR code, further described under section 9.1 and 10. This code will redirect its users to the e-commerce website of Compal, *Saborista*, that can be accessed through the domain: www.saborista.pt. As further seen under product, the packages will contain catchy phrases — “Compal *Summo do Dia*, era mesmo o que me apetecia”. Lastly, the personalized tags with adapted popular sayings included in the packaging for the new HORECA are also an important brand element, further described under section 9.1.

9. Marketing mix

9.1. Product

After defining the positioning, it is time to start defining the marketing mix strategy to be employed in Compal *Summo do Dia*. The first element, product, is a crucial aspect of the strategy as it is the main component responsible for creating customer value. Complemented by promotion and place, the firm is able to deliver value to the customer.

In terms of the product itself, it is important to define how Compal *Summo do Dia* will be produced. By exploring the different production methods, detailed in section 2.3.4 — pasteurization, HPP and cold pressing —, four main dimensions were analyzed: i) *the investment required*: HPP and cold pressing would imply a high investment in new machinery, hence, pasteurization would be the most affordable option, as the company already disposes the required equipment; ii) *expiration date*: comparing the three production processes, pasteurization is the method which allows for a higher expiration date in comparison to HPP and cold pressing; iii) *consumer perception*: consumers do not perceive any differences between production processes; iv) *nutrient preservation*: when comparing the different production processes, pasteurization is the method with the least nutrient preservation, however, the preservation level depends on the temperature used, whereas HPP and cold pressing allow for a higher nutrient preservation as heat is not used. (Moreira, Nuno 2019 Interview)

Having in mind the previous aspects, it was concluded that pasteurization would be the most feasible option. Specifically, the juice will be pasteurized at temperatures below 80 degrees Celsius, which will allow for greater nutrient preservation, compared to Compal's above 85 degrees Celsius pasteurization temperatures. Nevertheless, this reduction on temperatures will require a chilled distribution and storage (Moreira, Nuno 2019 Interview). Thus, Compal *Summo do Dia*, will be introduced through a new product line as the firm is entering a new category.

In terms of the product line itself, Compal *Summo do Dia* will have three items, which will differ in flavor. Within this product line, items are characterized by having multi-flavors instead of singular flavors. Namely, kiwi and apple; mango, orange and passion juice; and redberries, strawberries and bananas (Exhibit 55), combinations that are highly appreciated and valued by Portuguese consumers (Moreira, Nuno 2019 Interview). All different flavors will be available in both HORECA and the modern channel.

Compal *Summo do Dia* presents three different flavors, yet within each flavor, it offers different SKUs (Stock-Keeping Units) concerning different sizes. For HORECA, the brand offers only one

package size, with a net quantity of 250ml. On the other hand, in the modern channel, besides offering the standard 250ml size, Compal *Summo do Dia* delivers a larger size of 750ml. The two sizes, in the modern channel, serve different purposes. The smaller package aims to target the on-the-go demand, whereas the bigger one is more suited for in-home consumption.

In order to deliver superior customer value, marketers should address four different levels of product, where each level delivers additional customer value (Kotler *et al.*, 2016). Firstly, in terms of the generic product — features that are an entry-ticket for the category — Compal *Summo do Dia* will offer a chilled juice. As for consumer expectations — the minimum expected features in a product — consumers expect to receive a healthy, fresh, tasty, nutritious, and premium juice, features that characterize the chilled juice category. With this in mind, the product will try to surpass these expectations by delivering superior value through product augmentation — features that go beyond the expected ones, enhancing value creation. Hence, Compal *Summo do Dia* offers to the Portuguese population, a juice that excels in flavor authenticity due to *Frutologia*. Furthermore, it offers sustainable packaging as further ahead explained, which is complemented with catchy phrases to enhance the customer experience. Finally, in what concerns the potential product — an extension of the augmented product involving what features can be added in the future to the product — Compal *Summo do Dia* could embrace superfoods in its composition, as ginger or spirulina, maintaining the unique flavor and providing more functional benefits. (Dolan, 2015)

Regarding packaging, Compal *Summo do Dia* will have two main different packages that differ within a channel, both delivering a transparent packaging, something valued by consumers as it was understood from the primary research. In what concerns the modern channel, the products will be PET bottles, from which 25% comes from recycled plastic (Exhibit 56), manifesting the company's responsibility and plastic concerns. The packages front will display the logo to quickly identify the brand behind the product. Additionally, the slogan will be present alongside the juice flavor. Lastly, the net quantity will be displayed in both sizes (Exhibit 57). Conversely, on the back (Exhibit 58),

the nutrition table and the ingredients list will be shown, as well as a QR code that will bridge between the physical and the digital world — further explained in section 10. Finally, a catchy phrase will be showcased to enhance customer value, for instance, “Compal *Summo do Dia*, fresco como eu queria” (Exhibit 59).

Regarding the HORECA channel, a different package will be created. Hence, the packaging will be made of glass, similar to what Compal has been doing so far within this channel, while also maintaining its iconic “popping sound” when opening the bottle. The package will be shaped like a small trendy jar, thus allowing the consumer to drink directly from it. In what concerns the packaging's front side (Exhibit 60), the product will have the logo, the slogan and the net quantity of the packaging. On the other hand, the backside will display the nutrition table, ingredients' list and the QR code (Exhibit 61).

As the product aims at successfully entering the new HORECA, an extra personalization touch will have to be delivered. Hence, tags will be attached to the regular HORECA package. The tags will be exclusively personalized for each of the new HORECA establishments, displaying the cafe or restaurant logo alongside creative adaptations from traditional Portuguese sayings, for instance, “Kiwi por último, ri melhor” or “Melão que rouba melão, tem cem anos de perdão” (Exhibit 62).

9.2. Price

Price is the second element of the marketing mix and it is the one that tries to capture part of the value created by the other three elements — product, place, and promotion — and is, therefore, critical for the firm to price its products right. Hence, pricing must be integrated as part of the overall strategy, to generate superior and sustainable profit for the company (Nagle and Müller, 2018).

When computing the price for Compal *Summo do Dia*, a value-based approach was used as it is a method that takes customer insights into account when developing a product's price. This technique aims at creating the greatest customer value possible and also finding mechanisms that enable the highest possible retention of that same value (Dolan *et al.*, 2014). Consequently, based on the insights

gathered from the primary research, it was possible to understand that customers place a high value on the freshness, healthiness and flavor authenticity of the juice they consume.

After better understanding what consumers value, it was possible to draw a price strategy for the product. Thus, for Compal *Summo do Dia*, a neutral pricing strategy was chosen since Compal, the mother brand, already follows this strategy, as it tries to constantly innovate its portfolio, to minimize price as a marketing tool to gain market share (Martins, Ana Rita 2019 Interview). Nonetheless, the firm is aware that Portuguese consumers are price sensitive and, ultimately, pricing plays an inevitable role in the differentiation of the remaining products, even though the competitive advantage comes from product features and not price (Martins, Ana Rita 2019 Interview).

The consumer's price sensitivity can be explained due to the existing reference value in their mind as well as the respective range of perceived fairness, at least for the consumers already present in the category. Furthermore, price sensitivity accounts for the ease in comparing prices, as there is a wide assortment in points of sale with competitive prices. Additionally, the existing price elasticity can be explained by the growth of private labels in the chilled juice category, which accounted for a 29.0% market share, in value, as of October 2019 (Nielsen 2019). Hence, it is important to follow a neutral strategy to find ways to differentiate Compal *Summo do Dia* from the competition, other than price.

After carefully considering the chosen approach and the respective strategy, it was possible to define the final price for the product. The following prices are merely suggestions since retailers in both modern and HORECA channels have the autonomy to define the price to customers on the products they sell. In the modern channel, the smaller package — 250ml — is priced at 1.49€ whereas the bigger one — 750ml — is priced at 3.49€. This strategy was implemented by taking into account what customers value, what Compal is able to deliver and by looking at competitor's prices. The small bottle is priced at the high end of the market, while the large one is in the middle market (Exhibit 63).

Accordingly, the suggested price for the 250ml package in HORECA is 2.60€, also taking into account the price that most cafes set to the daily juice (in-store observations).

The value-based approach states that after defining the price, the firm is then ready to evaluate the costs incurred when developing the product. Thus, with the final suggested price to consumers and taking into account the normal contribution margins practiced by Compal, it is possible to calculate the maximum production costs for each product (Exhibit 64). First, the Value Added Tax (VAT) should be deducted from the final price — in this category, the VAT is assumed to be 6% for the modern channel and 23% for HORECA (Martins, Ana Rita 2019 Interview) — therefore, the modern channel's 250ml price without VAT is 1.41€, the 750ml package is 3.29€, and 2.11€ for HORECA.

Taking into account the margins that both retailers in the modern and the HORECA channels practice, information which was made available by Compal, it is possible to compute the price at which the company sells its products to the respective channels.

Regarding the modern channel, Compal is currently present in ambient non-refrigerated shelves, where the retailers require an average margin of 35%. However, average margins for the refrigerated chilled juices area is increased to 45%, due to limited space as well as associated electricity costs (Martins, Ana Rita 2019 Interview). Taking this margin into account, Compal would sell Compal *Summo do Dia* to the modern channel retailers at 0.77€ with regards to the 250ml bottle and for 1.81€ with regards to the 750ml bottle. Concerning the HORECA channel, Compal would sell the product at 1.06€, as a 50% margin is charged by the channel (Martins, Ana Rita 2019 Interview).

Afterward, as Compal presents logistics vertically integrated into its supply chain, distribution margins are not deducted from the contribution margin of Compal. Thus, the maximum unitary production costs of each product are determined. Compal's average contribution margin in both channels — after applying discounts to retailers — being approximately 55%, which reflects below average margins in the modern channel as opposed to higher margins in the HORECA

channel (Martins, Ana Rita 2019 Interview). Nonetheless, in order to calculate the maximum Cost of Goods Sold (COGS) of each product, it is important to consider contribution margins excluding trade and consumer discounts. Thus, the following contribution margins were assumed: 61% average contribution margin in the modern channel for the 250ml package and 59% for the 750ml package; 67% average contribution margin in HORECA. Using the previous margins and applying them to the unit selling price of Compal *Summo do Dia* to each channel, the maximum production costs were calculated. Hence, the 250ml bottle has a maximum unitary cost of 0.30€, a value that reaches 0.74€ for the 750ml bottle and 0.35€ for the HORECA package. The difference between the COGS is justified by the different packages available, regarding sizes and used materials, namely glass and PET.

It is important to highlight that the final contribution margins — gross margin — calculated in the profit and loss (P&L) account, will be affected by discounts to retailers through trade promotions — new line fees and price-offs — and consumer promotions — price-offs. These discounts are deducted in the P&L to the Compal selling price — the wholesale price.

9.3. Place

Place relates to where manufacturers choose to display their product and the logistic processes it involves in getting the final product from the factory to the end-consumer. For Compal, this implies considering the modern and HORECA channels. As Compal *Summo do Dia* is a chilled juice, it requires a chilled supply chain. Thus, storage, transportation and even display in points of sale must be kept at chilled temperatures ranging between 0° and 8° Celsius (Moreira, Nuno 2019 Interview).

Before launching and start communicating Compal *Summo do Dia*, it is crucial to ensure there is physical availability of the product. For the modern channel, Compal *Summo do Dia* is aiming to achieve full coverage, which would lead to the highest possible market share (Rossiter *et al.*, 2018). With Compal's vast distribution network and resources, it is believed the company will ensure product availability in the majority of retailers — approximately 100% distribution. Accordingly, the

product will be placed in nine national retailers — Sonae, Pingo Doce, Aucha Dia, Intermarché, E.Leclerc, El Corte Inglés, Lidl, and Aldi. (Exhibit 16). Mercadona is the only retailer that is not considered for Compal *Summo do Dia*, since it will withdraw the present agreement with Compal (Martins, Ana Rita 2019 interview). Nevertheless, since not every retailer includes in its facilities the chilled juice category due to the limited space in refrigerated areas, an assumption that 70% of retailers included this category was made.

The HORECA channel can be subdivided into hotels, cafes, and restaurants. Hotels are promptly excluded, since Compal *Summo do Dia* does not offer the ideal solution for hotels, mainly due to the product being served in an individual bottle instead of a dispenser.

Nevertheless, out of the estimated 90,000 HORECA establishments in Portugal, more than 90% are restaurants and cafes (Turismo de Portugal 2013). Compal *Summo do Dia* plans on being present in those 90% of the HORECA, which already excludes hotels. However, it is important to highlight the aforementioned trend in the HORECA channel — the new HORECA — which drives these cafes and restaurants to demand premium and personalized items. Trade incentives must address these requirements to be accepted by the HORECA owners. (Exhibit 3)

It was assumed that the new HORECA accounts for 10% of the regular cafes — 30,000 (Martins, Ana Rita 2019 Interview) —, resulting in a total of 3,000. Despite intending to be present in 100% of the new HORECA channel, it is assumed that it is only possible to penetrate 50% of the new HORECA in the first years. Hence, Compal *Summo do Dia*, will have a 90.76% total penetration in the HORECA — 89% HORECA penetration with regular cafes and restaurants and 1.67% of the new HORECA cafes (Exhibit 65).

Logistics involving Compal's current products have an approximate duration of one month — since it is produced until it is disposed of on shelves. Ambient juices must not exceed $\frac{2}{3}$ of the expiration date to be accepted by the retailers. Currently, Compal is not affected by this issue as the production process — pasteurization at temperatures above 85 degrees — allows for longer expiration

dates. Nevertheless, for chilled juices, conditions are more restricted as retailers impose a 5% rule (Martins, Ana Rita 2019 Interview). Therefore, Compal must accelerate its lead time — the period between the initiation and finalization of a production process — as it needs to ensure the logistic processes does not exceed the shorter expiration date.

9.4. Communication plan

The following communication plan is designed to endure the first year of Compal *Summo do Dia*.

9.4.1 Marketing Objectives and Budget

The first step of the Integrated Marketing Communications (IMC) plan consists of defining the marketing objectives, which should reflect the desired outcome for the campaign, with the ultimate objective of contributing to profit (Rossiter and Percy, 1997). Taking into account that Compal *Summo do Dia* is a new sub-brand which will enter two different channels — modern and HORECA — it requires different marketing objectives for each channel.

For the modern channel, the marketing objective is to achieve a market share, in value, of 15% in the first year. This value derives from an analysis applied to FMCGs, which reveals that an approximate distribution of 50% leads to a market share of 10%, and, thereafter, by increasing distribution, the market share accelerates. This is named double benefit as it enables both trial and availability to increase (Rossiter *et al.*, 2018). In line with this rationale, an objective of 15% market share was calculated based on three assumptions: i) only 70% of the modern channel — excluding Mercadona — offers the chilled juice category; ii) Compal *Summo do Dia* will achieve distribution in those 70% of modern retailers as the company always aims to achieve a 100% distribution (Martins, Ana Rita 2019 Interview); iii) an increase of 20 percentage points in distribution — from 50% to 70% — implies a rise of 5 percentage points in market share — from 10% to 15%.

Regarding the HORECA channel, the marketing objective consists of achieving a market share, in value, of 1.7%, in the first year. This value resulted from an analysis of Compal Summo's market share, in value, in the first year of its launch. Compal Summo was considered to be the most

comparable to Compal *Summo do Dia*, since it is a 100% blended juice and the most premium product in Compal's portfolio. The market share, in value, of Compal Summo in its year of launch, 2018, was 1.7% in the HORECA channel (Nielsen 2019). Hence, the same value was assumed as the desired market share.

The marketing objectives are essential to define the campaign budget (Percy and Elliot., 2016). To determine the budget, the percentage of sales method was used (Pelsmacker *et al.*, 2018). As further detailed, during the first year, three cycles will occur — including advertising and promotions. Considering the marketing objectives and the expected projected sales in the project's first year, a percentage of 45% was applied to revenues as this is a new product launch, which requires a significant communication investment (Freitas, Cristina 2019 Interview), amounting to an overall advertising and promotions budget of 1,939,581.81€.

9.4.2 Target Audience Selection and Action Objectives

It is important to select the target audience, which is to whom the campaign will be directed. For this purpose, a brand loyalty approach was considered by analyzing the potential of the different buyer groups (Rossiter *et al.*, 2018).

By defining the category — 100% fresh blended juice — and taking into account that Compal is not present in the category, the target audience was selected, which includes consumers of the category and non-consumers of the category. The former combine: Other Brand Switchers (OBSs) — buyers of other brands already present in the category, for instance, consumers who buy Innocent, Copa and Sonatural; Other Brand Loyals (OBLs) — buyers loyal to specific brands, for instance, consumers who only buy the brand Copa. As Compal is a brand highly present in consumers' minds it is believed that OBLs might shift to Compal *Summo do Dia* since it will be offered by Compal. As for non-consumers of the category, it includes New Category Users (NCUs) — consumers who are not yet in the category but are going to enter it with Compal *Summo do Dia*, as buyers of ambient juices will start buying chilled juices because the brand Compal will offer this possibility.

It is important to consider the predictable effect of cannibalization. Considering Compal as the market leader in the ambient juice market, consumers entering the chilled juices category are most likely to be current purchasers of Compal's ambient juices. Nonetheless, as chilled juices are a growing trend and the category is forecasted to expand, it is expected that current ambient juice buyers start moving into the chilled juices category in the short/medium-term. Consequently, by entering in this new category, Compal prevents losing customers to already established brands in the chilled juice category.

Profiling the target audience helps to better understand how it is characterized (Antonides and Van Raaij, 1998 in Percy and Elliot, 2016). The target audience is represented by individuals aged between 25 and 45 years old, who are health-conscious and demand for more natural options. These are upper- and middle-class individuals, who value premium products and are open to new experiences and flavors.

After defining and characterizing the target audience, the action objectives should be identified (Rossiter and Percy, 1997). Thus, this campaign is aiming to foster trial, as it is the initial action objective recommended for a new brand and product category (Rossiter and Percy, 1997). In fact, Compal *Summo do Dia* is not only a new sub-brand in the market but it is also entering a new category — chilled juices. For this reason, a trial objective of reaching 70% of the target market was set, corresponding to approximately 2.7 million triers by the end of 2021, given the target of 38% of the Portuguese population. This value derived from the length of trial period described by Rossiter and Percy (1997), which reveals that with strong distribution, a new FMCG brand achieves 75% of trial in the first year. Since the product launch is set for April 2021, and thus, less than one year is considered, a value of 70% was assumed as trial objective.

9.4.3 Communication Objectives and Positioning

The following step consists of defining the communication objectives for the campaign, to which four communication objectives will be applied. The first is category need since this is a weak category

as seen by its smaller size and growing market. As a consequence, the category must be “sold” to consumers so they may understand the product will fulfill a certain need. Brand awareness is always a communication objective, as the target audience must be able to identify the brand. For this purpose, brand-recall-boosted-brand-recognition will be the brand awareness communication objective as consumers may choose the brand Compal prior to the point of purchase — recall — but they still need to identify Compal *Summo do Dia* at the point of purchase — recognition. Brand attitude is also a universal communication objective, as consumers must have a positive attitude, regarding benefits and emotions toward the brand to purchase it. Hence, the goal is to create a brand attitude since consumers are not familiarized with Compal *Summo do Dia*. The final communication objective is to generate brand purchase intention, which is possible through promotional offers — covered in section 9.4.4 — fostering the target audience’s intention to purchase Compal *Summo do Dia*. (Rossiter *et al.*, 2018)

Once the communication objectives are determined, the positioning of Compal *Summo do Dia* can be defined. Therefore, to reach the final positioning statement for the campaign, the T-C-B model — Target-Category-Benefit — was used (Rossiter *et al.*, 2018). The first step of the model, defining the target customer, was previously explained under the target audience section.

In what concerns the category, Compal *Summo do Dia* is differentially positioned and this is leveraged through a product-benefit-oriented approach, in which the brand differentiates itself from competitors by selecting and communicating its best benefit (Rossiter *et al.*, 2018; Percy and Elliot, 2016).

Regarding benefit, the last step of the T-C-B model, it aims at identifying the key benefit Compal *Summo do Dia* offers (Rossiter *et al.*, 2018). By analyzing the purchase motivations, a positively originated motivation was selected, by communicating freshness and naturalness to invoke a feeling of satisfaction — sensory gratification (Rossiter and Percy, 1997). Thus, the key benefit that sets the chosen motivation is defined as “the freshest blended juice”. The former satisfies the three conditions

implied in the I-D-U model — Important-Deliverable-Unique — used to validate the key benefit (Rossiter and Percy, 1997; Rossiter *et al.*, 2018): i) the key benefit is *important* — prior quantitative research suggested the target audience highly values flavor authenticity and freshness; ii) Compal is able to *deliver* it — the brand offers the know-how and expertise in blending juices; iii) The key benefit is *unique* — Compal has *Frutologia* in its genesis.

In the sequence of defining the key benefit, it is important to underline the benefits which should be communicated. For this purpose, the a-b-e model — attribute-benefit-emotion — was applied (Rossiter and Percy, 1997). Compal *Summo do Dia*'s advertising will start by focusing on the benefit — the freshest blend of Compal — shifting the focus to emotion — through the disclosure of sensory gratification.

With the decisions made above, the campaign positioning statement is built:

To consumers aged between 25 and 45 years old who are health-conscious and open to new experiences and flavors — OBSs, OBLs, and NCU — Compal *Summo do Dia* is a differentiated brand of premium 100% fresh blended juices — product-benefit-oriented — that offers the freshest blended juice. The advertising should emphasize: Compal *Summo do Dia* delivers the freshest blend of Compal, providing a feeling of great satisfaction (b → e), must mention: freshness as entry ticket, and will omit: the pasteurization production process. (Rossiter and Percy, 1997)

9.4.4 Creative Strategy

The next step in the IMC plan is defining the creative strategy which consists of four components: i) the key benefit claim; ii) the creative idea; iii) the brand awareness and attitude tactics; iv) and the attention tactics.

9.4.4.1 The Key Benefit Claim

The key benefit claim derives from the previously defined key benefit, and it is the basis of the creative strategy (Rossiter *et al.*, 2018). Thus, the key benefit claim is “as fresh as freshly made”.

9.4.4.2 The Creative Idea

To execute the key benefit claim, a creative idea was built. To emphasize the claim — “as fresh as freshly made” — two main aspects will be illustrated. Firstly, the closeness to the tree which evidences the product’s naturalness. Secondly, the freshness concept taking advantage of the double meaning word, as it is fresh due to the use of fruit coming directly from the tree preserving more nutrients, as well as it is fresh regarding temperature since it is a chilled juice.

The advertisement starts with a peaceful shot of the entrance of a Compal’s orchard, transmitting the relaxed and natural ambient. It is early in the morning and that is reinforced by having a rooster singing.

The landscape changes by showing the trees inside the orchard, where animated fruit cartoons are shown waking up. They start jumping down to the floor, dressed up to their workday, where different professions are depicted. Accessories and clothes range from ties and briefcases to firefighters’ hats, police hats, gym accessories or even medical gowns.

The fruits start walking toward the orchards exit and head toward their workplace. They cross fields, happy to start their day. They then enter public transportation, where they are filmed alongside commuters, behaving as if they were all going to their jobs. The ad is then split into two versions, as the product will be sold through different packages for the two channels.

The commercial highlighting the modern channel packaging consists of having the fruits leaving public transportation and heading toward a supermarket. Upon entering, they walk in the direction of the chilled juices area where the fridge’s door is opened as well as the package’s lid, and a small trampoline is placed on the floor. All the fruits run toward the trampoline, using it as a launch platform to jump into the packages. The fruit dissolves into juice once inside the packaging, finalizing the advertisement with a shot of the juice, looking extremely fresh with drops of water slipping down the packages — reflecting the sensory gratification.

On the other hand, there is a commercial highlighting the HORECA which follows the same

storytelling. However, instead of a supermarket, the action takes place in a café.

In both versions of the ad, a final packshot with the different flavors and formats available is shown (Exhibit 66).

9.4.4.3 Brand Awareness and Brand Attitude Tactics

Brand awareness and brand attitude tactics are crucial for the creative strategy. Using the Rossiter-Percy grid, which addresses both communication objectives tactics, the most adequate tactics were chosen. (Rossiter *et al.*, 2018)

Regarding brand awareness, four brand-recall-boosted-brand-recognition tactics should be used (Rossiter *et al.*, 2018): i) the Compal *Summo do Dia*'s logo and package should be exposed over the campaign, which occurs at the end of the ad with the final packshot; ii) the category need for chilled juices and the sub-brand Compal *Summo do Dia* should be associated, as it happens in the advertisement previously described — the product is displayed in refrigerated areas communicating it is a chilled juice; iii) promote a personal connection with Compal *Summo do Dia* — the animated fruits in the advertisement are dressed as humans who are going to their jobs to emphasize this personal connection; iv) the advertising should be broadcasted multiple times — this topic is further covered in detail, in the media strategy.

Brand attitude tactics are defined according to the Rossiter-Percy grid (Rossiter *et al.*, 2018). Compal *Summo do Dia* is a low-involvement-transformational product which means the perceived risk by the target audience is low, and the motivation to buy the product is positively generated (Percy and Elliot, 2016). Therefore, the following tactics suggested by (Rossiter *et al.*, 2018), will be applied: i) focus on emotional authenticity, by revealing in the advertisement, the animated fruits personifying workers; ii) the emotional execution will be exclusive to Compal *Summo do Dia*, as the creative idea uses a subtle touch of humor through the use of fruit cartoons dressed up for work and the storytelling created to communicate the message; iii) the target audience must like the ad, which will be accomplished through a strict campaign tracking to assure a successful campaign; iv) the ad will have

a high-frequency broadcast, as mentioned in brand awareness tactics.

9.4.4.4 Attention Tactics

The final step of the creative strategy is the choice of the adequate attention tactics according to the selected media for the campaign (Rossiter *et al.*, 2018). For this purpose, all the media strategy was developed concerning these tactics.

To summarize all the above-mentioned information, a creative brief was elaborated (Exhibit 67).

9.4.5 Integrated Communications Strategy

Advertising and promotions should be articulated throughout the campaign. Advertising aims to persuade consumers indirectly, whereas promotions aim at stimulating immediate purchase. (Rossiter and Percy, 1997)

9.4.5.1 Promotions

Compal's promotional strategy for Compal *Summo do Dia* will utilize trade promotion and consumer promotions. Both types of promotions can be divided into price or marketing promotions. On one hand, price promotions, either to retailers or end-customers, have a direct impact on profits and should, therefore, be directly subtracted to sales revenues. On the other hand, marketing promotions include all branded activities and activations that are not directly related to selling prices. Nevertheless, all promotions serve the same purpose of moving sales upwards by generating brand purchase intention (Rossiter *et al.*, 2018).

Regarding trade price promotions, the first technique used is new line fees concerning modern retailers, which represent a monetary amount that ensures penetration in supermarkets and hypermarkets' refrigerated areas. As of 2021, distribution of all 6 SKUs — three flavors with two packaging formats each — will take place in nine chosen retailers — Sonae, Pingo Doce, Auchan, Dia, Intermarché, E. Leclerc, El Corte Inglés, Lidl and Aldi.

Another form of trade price promotions includes price-offs — for both trial and repeat purchases — to modern channel retailers and HORECA distributors. It was assumed that both retailers would

receive a yearly price discount on the purchases of Compal *Summo do Dia*, where 5% is the average discount given to both modern and HORECA establishments.

Conclusively, consumer price promotions will be run to stimulate repeat purchase exclusively to modern channel shoppers, as the HORECA channel does not often feature products on price promotion. Thus, consumer price promotions are also price-offs to end-customers, paid by manufacturers (Rossiter *et al.*, 2018). Compal *Summo do Dia* will have yearly price promotions in the modern channel, assuming the promotional price itself should be, on average, 20% over Compal's wholesale price.

In terms of trade marketing promotions for modern channel retailers, display material promotions will be created for points of sale. It was decided to only use this promotion method in hypermarkets, as the inflow of customers is far superior to any other modern channel retailing format. The chains chosen were Sonae with 41 hypermarkets, Pingo Doce with 9 hypermarkets, and Auchan with 24 hypermarkets — Jumbo. Display material promotions include three different promotional combinations: i) floor stamps and fridge banners, assumed to cover 35% of desired hypermarkets — placed on the floor of the supermarket showing the path to Compal *Summo do Dia*, alongside with stickers in the refrigerator's door (Exhibit 68); ii) a tree-shaped refrigerator filled with products and banners for the alarms at the store entrance, desired to cover 10% of intended hypermarkets — a combination that creates great awareness within the supermarket, emphasizing the closeness to the tree, which is followed by covered alarm banners to get consumers' attention as they enter the supermarket (Exhibit 69); iii) fridge and price banners, planned to cover 55% of desired hypermarkets — banners that aim to catch the attention of consumers, whether it is in the refrigerator's door, or within the price banner (Exhibit 70).

To HORECA owners, trade incentives will also be provided — trade marketing promotions —, as it is the company's policy to keep good relations with OOH distributors by gifting useful material. For Compal *Summo do Dia*, more premium trade incentives will be handed out to the new HORECA,

including i) 100 paper straws per business; ii) two wooden individual and one group trays to display Compal's product; iii) five wooden napkin holders. These will further provide continuity from what Compal has already been doing with Compal Summo (Exhibit 71). Additionally, to facilitate the display of the products, a refrigerator will be placed at the point of sale. Finally, it is worth mentioning that Compal already puts this option into practice with exclusivity agreements, where only Compal's products are allowed to be placed in refrigerators and, the company bears all the associated costs. (Exhibit 72)

In terms of consumer marketing promotions, the most effective way to promote an FMCG product like Compal *Summo do Dia* is through sampling (Rossiter *et al.*, 2018). This activity will be run in hypermarkets — 25 of the biggest Continente's hypermarkets and all 9 of Pingo Doce's hypermarkets — for six weekends, totaling 12 days, from 11h to 19h. Furthermore, sampling will be conducted in a wooden stand near the fruit and vegetable aisle, by pouring juice from 750ml bottles into 40ml paper cups (Exhibit 73).

Sampling is also projected to be replicated in other important locations. The busy urban areas chosen to perform this activity include Lagoas Park, Saldanha, Marquês, São Sebastião and Amoreiras in Lisbon, and estação de São Bento, Centro Empresarial da Lionesa and Ribeira in Oporto. The activity will occur in 8 business days, providing the smaller bottles of Compal Summo do Dia of 250ml available in the modern channel. Additionally, 4 beaches were selected to promote sampling actions, Costa da Caparica and Praia Grande near Lisbon, and Albufeira and Praia da Rocha in Algarve, with a duration of 8 days during the summer. Both of these open area sampling activities will be supported by 4 wooden trolley stands, smaller than the ones for modern channel sampling, and containing refrigerators to keep the product chilled. (Exhibit 74)

Another promotional activity that complements both trade and consumer promotions is brand activation. There will be two activation campaigns. The first is a Virtual Reality (VR) Fruit Ninja competition that will occur in 14 days, developed in partnership with PlayStation® where the winner

receives a free product and inflatables fruit-shaped will be given to all participants (Exhibit 75). This activation is planned to be featured in locations where the product makes sense to be consumed or bought, as in Festival da Comida Continente or A Rua é Sua in Avenida da Liberdade. The second activation plan is to create a pop-up store to sell ice cream rolls made with Compal *Summo do Dia* from the middle of May to the middle of August 2021 in Baixa-Chiado. The rolls are made on a cold metal plate, by combining the juice with milk and other natural ingredients on demand, to create rolls that can be complemented with toppings (Exhibit 76).

Finally, a Public Relations (PR) event is scheduled to launch the product to the media, alongside the presence of influencers and nutritionists that Compal already works with — Tiago Teotónio Pereira, Carolina Patrocínio, Iara Rodrigues and Pedro Lima (Exhibit 77). These influencers will raise awareness during the launch of *Compal Summo do Dia* on their social media accounts.

To conclude, a promotion schedule with respective dates and costs can be found in Exhibit 78.

9.4.6 Media Strategy

9.4.6.1 Media Selection

Taking into consideration the aforementioned communication objectives, the following media channels were considered the most adequate to effectively reach the target audience. It will be considered owned media — controlled by Compal — which consists of Compal's social media accounts and website, paid media — when there is a monetary investment — which accounts for the remaining media selection, and, ideally, earned media — brand content shared via word of mouth — that is not influenced by Compal. (Gupta and Davin, 2014)

The strategy will involve two types of the cycles in the first year. A teaser campaign during the first fortnight, followed by two media cycles with a duration of two months each.

TV is still perceived to be the most effective method to gain market share (Binet and Field, 2017). Hence, the above-described ad will be using the three-length versions alternately: 45' and 30' versions in the first month; 30' and 20' versions in the second month, switching strategically the structure

between the first and the second month to reach higher recall. (Exhibit 79)

Regarding the OOH advertisements, the campaign will feature mupis and billboards. Two different types of outdoors will be considered: i) outdoors for the teaser campaign, which will display animated fruits asking for a ride without revealing the product (Exhibit 80); ii) outdoors for the following media cycles, clearly depicting the three different product flavors in all available sizes for both the modern and the HORECA channels (Exhibit 81). All outdoors will have a scannable QR code which is further explained in section 10.

The media strategy is complemented by digital methods. As owned media, Compal's websites, Facebook, Instagram, and YouTube accounts will upload all the ads — video and images — used in the other media channels for all cycles. As for paid media, sponsored ads — videos and images — will be displayed on Facebook, Instagram, and YouTube (Exhibit 82)

Compal *Sumo do Dia* will also be promoted by creating a half page and ¼ page ads to be featured in the free urban newspaper Destak, showcasing the available flavors and formats. The product will appear in the newspaper once a week during each cycle. (Exhibit 83)

Lastly, online banner displays (Exhibit 84), showcasing the different products, will be present on relevant websites. These banners will be utilized in Continente online, Mercado — Pingo Doce's online store —, NiT and Observador. Considering the first two platforms, the consumer will be redirected to a landing page, inside the website itself, presenting all Compal *Summo do Dia*'s available options, to be bought. Regarding the last two platforms, the consumer will be redirected to Compal's e-commerce website instead — www.saborista.pt.

9.4.6.2 Schedule, Execution and Budget

The media plan will be scheduled using flighting advertising. This means the campaign will have different cycles in specific months throughout the campaign plan. (Pelsmacker *et al.*, 2018).

The schedule for the campaign during 2021 is divided into three cycles (Exhibit 85). The detailed budget for each media cycle during the year of 2021, including costs for content creation from the

previous year, is further detailed in Exhibit 86.

The production of content creation for the TV commercial, OOH advertisements, digital media, and newspaper advertisement will be developed in 2020, accounting for a total of 80,000€.

Before initiating the campaign, physical availability of the product will be ensured through a weighted distribution — the relevance of the stores in terms of sales volume where a brand is placed compared to the total number of stores where a category is present — superior to 50% in the second fortnight of March 2021 (About Retail Audit 2019).

Cycle I will occur during the first fortnight of April. This period corresponds to a teaser campaign, in order to foster curiosity around the launch, and will be using outdoors and social media to display the teaser ads. Outdoors will consist of 938 mupi faces and 40 billboards placed on strategic busy places. The budget for this cycle is 143,798.71€.

Cycle II will last from the middle of April until the middle of June. It comprises TV and will be using the three-length versions alternately. The ad will be repeated consecutively during the cycle period — both in prime and regular time — and will be showcased a total of 13 times per day. The desired TV channels to broadcast the advertisement are RTP, SIC, SIC Mulher, SIC Caras, TVI, FOX, FOX Life, FOX Comedy and AXN. Outdoors with the packshot will be used, revealing the product that had not been shown during the teaser campaign. There will be 20 billboard faces, and 469 mupi faces utilized across Portugal. Additionally, Compal's websites, as well as social media pages, will be used to display all suitable ads for each account, accompanied by sponsored content in social media platforms. Compal *Summo do Dia*, will also appear in the newspaper, Destak. Lastly, banners display will be present on relevant websites, redirecting consumers to *Saborista* or retailers online, as explained above. In total, cycle II will cost 438,870.23€.

Cycle III occurs in September and October and it replicates the previous cycle. Hence, the budget equals 438,870.73€. Overall the total media costs for 2021 account for 1,021,539.18€.

9.4.7 Campaign Tracking

Given the focus of the campaign on TV advertising, it is suggested to monitor Gross Rating Point (GPR) which is a relevant exposure measure. Ultimately, this metric will quantify the number of people that were exposed to the advertisement. Additionally, sales and market share are relevant campaign metrics as they will measure the overall results of the campaign. Furthermore, the campaign's social media success will be measured through Cost-Per-Mile (CPM), Cost-Per-Click (CPC) and Click-Through-Rate (CTR). By using Compal's social media accounts, it is possible to monitor the number of followers and post interactions.

Brand awareness will also be measured: brand recall will be measured through phone calls with the target audience to inquire whether they have seen the commercial; brand recognition will be assessed through face-to-face analysis, where names, logos, and knowledge about the commercial will be tested.

10. Omnichannel Strategy

An omnichannel strategy consists of brands providing a seamless customer experience, regardless of the channel a consumer chooses to engage with. Companies have been investing a lot in providing this experience by connecting the physical world with the digital one, taking advantage of recent technological improvements (Brynjolfsson *et al.*, 2013; Rigby, 2011; Verhoef *et al.*).

To promote this seamless experience across channels, an omnichannel strategy for Compal *Summo do Dia* was designed. It is set to begin during the teaser campaign, by allowing consumers to scan QR codes present in mupis or by "swiping up" in social media platforms, which would direct them to *Saborista*'s web page. There, consumers are asked to guess the different flavors Compal *Summo do Dia* will have, with a chance to try the product firsthand (Exhibit 87).

After launching the product, the same process would direct consumers to *Saborista*, allowing them to see a map with all points of sale where the product is available (Exhibit 88).

In the future, Compal ought to create an app to support the omnichannel strategy. By scanning

barcodes on products, the consumer would be awarded points that could be later redeemed for product discounts or premium experiences related to the company — for example, a visit to the factory in Almeirim. Additionally, the app would allow for strengthening the relationship between Compal and consumers, as it would give voice to personalization and co-creation, by allowing consumers to suggest flavors and receive personalized offers.

11. Profit & Losses

After underlying the whole strategy for the marketing mix, it is possible to draw forecasts on how Compal *Summo do Dia* will financially perform within the next five years. Considering an incremental analysis to the current business of Compal, a P&L was developed, starting in the year 2021 until 2025, where the year 2020 was considered to be year 0, with all the needed investment to start production. To compute the financial part of the project, numerous assumptions had to be made, which will be listed below. Afterward, a scenario analysis was performed to assess possible optimistic and pessimistic scenarios.

11.1. Main Assumptions

The following assumptions were based on information provided either by the company and their collaborators or gathered through secondary research.

11.1.1 Expected Revenues

Expected sales of Compal *Summo do Dia* were calculated based on Compal Summo's market share. This product line was used as a benchmark once the ambient juice launched in 2018 and the new proposed product are both 100% blended juices.

To calculate projected sales for the modern channel, the chilled juice market was considered, which amounts to 5,615,890 liters sold. For the first year of sales, it was assumed a market share of 15%, as detailed in the marketing objectives within the communication plan. As there are two packages in this channel, it was assumed that each bottle accounts for half of the total volume of sales

(Exhibit 89). Regarding the HORECA channel, Compal *Summo do Dia* was assumed to compete within the whole category of J&N since in HORECA they are all displayed together. Hence, a market share of 1.7% was considered, similar to the one achieved by Compal Summo in its year of launch (Exhibit 90).

By calculating the volume of liters sold for Compal Summo between January and October of 2018 and the homologous period in 2019 for both channels, the growth rate of units sold was obtained. For the modern channel, it accounts for 95.1%, whilst for HORECA, a growth rate of 5% was obtained. Therefore, these growth rates were applied to Compal *Summo do Dia*'s first-year growth. Even though the yearly growth rate in HORECA was assumed to be 5% throughout the five years, in the modern channel the growth rate will decrease in the second year to 30%, as the novelty dissipates. This percentage is made on the assumption that Compal *Summo do Dia* will grow at a higher rate than the chilled juices category between 2014 and 2018 — CAGR of 17.8% (AIJN 2019) —, due to the fact that Compal will start communicating in a category where present brands are not heavily investing on increasing their SOV. Afterward, it is assumed that the modern channel growth will stabilize at a 10% growth rate, following the chilled juices current growth between YTD October 2018 and the homologous period in 2019.

11.1.2 Net Sales Revenues

Both trade and consumer price promotions, directly influence the wholesale price. Thus, they are subtracted from revenues to calculate net sales revenues. Regarding the trade price promotions, discounts account for new line fees — which represent 270,000€ to introduce the product in the modern channel in 2021, applying a 5,000€ fee per SKU per retailer — and price-offs to retailers — practicing a 5% discount over the sales revenues every year for both channels. (Exhibit 91) (Martins, Ana Rita 2019 Interview)

In what concerns consumer price promotions, the regular discount employed by Compal was assumed — 20% price-off of consumer's final price without VAT. Furthermore, it was assumed these

promotions are applicable to 20% of Compal *Summo do Dia*'s sales. Normally, 40% of Compal's sales derived from promotions, however, as Compal *Summo do Dia* is a premium product, only 20% of sales were assumed to result from promotions. This ought to remain constant throughout the analyzed period. (Exhibit 92) (Martins, Ana Rita 2019 Interview)

11.1.3 Cost of Goods Sold

Compal's contribution margin is approximately 55%, an average accounting for the total of both channels (Martins, Ana Rita 2019 Interview). Nevertheless, this average includes discounts — trade and consumer promotions — which were excluded to understand what the maximum contribution margin would be. Using Compal's contribution margin excluding discounts, the maximum COGS for each size were computed through a value-based approach. This results in maximum COGS of 0.30€ for the small size of the modern channel, 0.74€ for the large one and 0.35€ for the HORECA channel. Regarding contribution margins — including discounts — Compal *Summo do Dia* will reach 50% for the small size of the modern channel, 45% for the large one, and 65% for the HORECA channel. Ultimately, the total amount of COGS was multiplied by the total number of units sold from each packaging.

11.1.4 Marketing Costs

11.1.4.1 Media costs

Regarding TV, it was assumed a 70% discount on the tabulated TV prices. Additionally, national TV channels were assumed to be priced three times more expensive than cable channels. Furthermore, prime time was assumed to be priced twice more expensive compared to the regular time. This leads to a total cost of 372,434.40€ in 2021. (Exhibit 93)

In what concerns outdoors, each mupi face was priced at 20€ per week, whereas each billboard face was priced at 100€ per week. Since the number of faces used depends on the type of campaign the total costs were different. Hence, the teaser campaign totaled 45,520€, while cycle II and III costs amounted to a total of 182,080€. (Exhibit 92) (Freitas, Cristina 2019 Interview)

Considering social media, Facebook and Instagram, CPC were assumed. It was calculated the potential number of impressions, assuming a reach of the total target market — 38% — of the Portuguese population for each cycle, and then applied a CTR to each platform — 5% to Facebook and 3% to Instagram. Using the same rationale for cycles I, II and III, a total of 294,836.14€ was reached in 2021 for all cycles (Exhibit 94). As for YouTube, it was assumed the campaign would result in 100,000 views with the respective Cost Per View (CPV), resulting in a total cost of 40,000€ for both cycles II and III (Exhibit 95). Display banner costs were calculated through CPM, following the social media rationale, to achieve the number of impressions. This accounted for 21,868.64€ for both cycles II and III (Exhibit 96).

Finally, regarding the newspaper Destak, it was assumed that Compal would obtain a 60% discount, resulting in an overall cost of 64,800€ total cost in 2021 (Exhibit 97).

11.1.4.2 Promotion costs

In terms of trade marketing promotions, display materials accounting with the three different combinations resulted in a total of 23,700€ for 2021. (Exhibit 98) On the other hand, trade incentives included: i) paper straws with an individual cost of 0.02€; ii) wooden trays — individuals with a unitary cost of 1.25€ and group trays with a unitary cost of 2.50€; iii) wooden napkin holders with a unit cost of 2.50€. Furthermore, trade incentives include a refrigerator to be placed in every point of sale for the new HORECA, 1,500 cafes, with a unitary cost of 200€. (Exhibit 99). Hence, a total of 329,250€ was reached for 2021.

Concerning consumer marketing promotions, sampling will be performed in: i) hypermarkets, a total of 200 cups per retailer and day was assumed; ii) urban and business locations, with a total of 200 bottles of 250ml per each location and day; iii) beaches, assuming 200 bottles of 250ml per location and day. Sampling will account, in 2021, for a total of 65,344.29€. Each movable cart was assumed to have a cost of 770€, including personalization. (Exhibit 100)

Regarding brand activation, the VR game implies giving out 4,000 inflatables fruit-shaped to

participants, assuming a unit cost of 0.85€. Additionally, partnering with PlayStation represents an expenditure of 50,000€. In total, this brand activation sums to 56,200€. (Exhibit 101) Regarding the ice cream rolls, the cost for the activation will not be taken into account, as the activation will generate enough profit to cover all costs (Exhibit 102).

Finally, the PR event represents a media cost that will be uniquely incurred in 2021, accounting for 40,000€, which is the average cost that Compal incurs to launch a new product. This cost includes influencers' posts on their social media accounts. (Compal 2019)

From 2022 onwards, as the product will have gained significant awareness, the annual marketing budget will be reduced by 70% in comparison to the previous year. For the next years, only media and promotions will be considered. To evaluate their weight in the budget, 2021 was considered to be the representative year. However, brand activation and the PR event are accounted in the marketing costs. To exclude these two rubrics in the following years, a percentage of the sum of media and promotions — trade and consumer — was assumed instead. Media costs will be 71%, whilst trade promotions will represent 24.5% and consumer promotions will correspond to 4.5%. These percentages remain equal for the following years.

11.1.5 Cannibalization Effects from Compal *Summo do Dia*

To determine the cannibalization, Compal Summo was used as benchmark. According to Nielsen (2018), there was a shifting — including Compal and non-Compal brands — toward Compal Summo of 54%. To understand the weight of cannibalization within the shifting value, Compal's market share — 72.5% — in value (2018) was applied. Thus, 39.2% was assumed to be the cannibalization of Compal's brands with the entrance of Compal Summo. Hence, as Compal *Summo do Dia* is a product entering a new category, it was assumed $\frac{1}{3}$ of Compal Summo cannibalization value, which translates in a cannibalization of 13.1%. (Exhibit 103)

11.1.6 Operating Costs

Regarding personal expenses — in 2021—, both factory and administrative salaries were

considered, assuming a growth rate of 2.5% for the next years. It was assumed that the factory in Almeirim — where Compal has all its products produced — has 250 workers that distribute their time equally amongst the eight product lines produced. Thus, $\frac{1}{9}$ of their time — including Compal *Summo do Dia* — will be dedicated to the new product. Assuming an average factory salary of 950€ (PORDATA 2019) paid throughout 14 months, the total monthly salary will be equal to 26,388.89€. For administrative workers, assuming the same $\frac{1}{9}$ rationale and that there are 35 workers in the head offices with an average monthly salary of 1,400€, a total of 76,222.22€ was reached. Factory salaries are considered for year 2021, as the product has short expiration date and can only be produced few months before launch. As for administrative salaries, are accounted for 2020 as the product requires time to be developed. Social security was also taken into account, using a 23.75% contribution (Segurança Social 2019). Insurance expenses will also be included, accounting for 1% of their salaries. (Exhibit 104)

Furthermore, in personal expenses, salesforce training was also considered and was assumed to be 200€ for 300 workers, totaling 60,000€. This cost only occurs in 2020, as the training is only necessary for the product launch.

For warehousing costs, it was assumed Compal would rent a warehouse with a cost of 5€/m² with a total of 500m². It was assumed that the storage equipment was needed in 2020 before starting production, so a three-month rent was accounted for. (Exhibit 105)

Lastly, R&D costs were assumed to be 59,181€, following the average beverage industry research and development expenses (Beverage Industry 2017).

11.1.7 CAPEX

It was assumed that the machinery used for the new product is capable of ensuring its production, however, some changes will be needed to adapt the equipment to the new packaging shape. Hence, an investment of 500,000€, in 2020, was assumed, depreciated through a straight-line method during the five years. (Martins, Ana Rita 2019 Interview)

As this is a new brand line within Compal, it will require a national brand registration to assure the protection of intangible property, accounting for 292.42€. In the last year of the P&L — 2025 — a renewal will be needed — 127.37€. (Justiça Gov PT 2019)

11.1.8 Other General Assumptions

The applied discount rate is 6%, using an approximation of the company's Weighted Average Cost of Capital (WACC) (Sumol+Compal 2017). The corporate tax rate is assumed to be 21% (Trading Economics 2019). The tax is applied to the EBIT when profits are generated, however, when the NOLPAT is negative, the losses are deducted up to 70% from the following year's EBIT for tax calculation purposes (UWU Solutions 2018). The VAT applied to the final consumer price is 6% for the modern channel and 23% for the HORECA channel (Sage 2016). Finally, no inflation was considered throughout the 5 years period.

11.2. Results

Taking into consideration all the previous detailed assumptions, the P&L was built. In 2021, the sales revenues account for 4,310,181.81€, while in 2025, the value more than doubles to 9,539,489.76€. The total gross margin starts, in 2021, at 56.7%, increasing to 57.9% in the last year. The detailed P&L with all its rubrics can be consulted in the Exhibit 106.

The project presents an NPV of 4,511,137.73€, which reflects a Return on Investment (ROI) of 53% for the five-years period. Compal *Summo do Dia* is expected to recover its initial investment — payback period — in 2 years, 3 months and 3 days. The profitability index of the project — which represents the increase in the market value of the firm for each euro invested — is 6.62. Note one should accept the project when the index is higher than 1.

11.3. Scenario Analysis

To complete this analysis, a pessimistic and an optimistic scenario were elaborated by modifying market shares in both channels, in addition to all COGS and cannibalization values. Market share values were changed by 5% in modern and 0.5% in HORECA channel, either by increasing or

decreasing depending on the scenario. The same 5% rationale was applied to the cannibalization from Compal *Summo do Dia*. Finally, COGS were varied 0.05€ in all the different packages offered. NPV, ROI, payback period and profitability index were the measures taken into account to evaluate the scenarios. Hence, the analysis of both scenarios allows elaborating on the conclusion that Compal *Summo do Dia* represents a good investment for the company since even in the pessimistic scenario the project generates a NPV of 1,074,755.08€. (Exhibit 107)

12. Control Measures: Key Performance Indicators

To monitor the success of the new product launch it is important to define some key marketing metrics, which will allow Compal to react and adjust accordingly depending on the results. The following table summarizes all the chosen KPIs.

Marketing Metrics	Key Performance Indicators
Sales Metrics	<ul style="list-style-type: none"> • Sales Growth • Market Share • Share of Wallet
Communication Metrics	<ul style="list-style-type: none"> • Gross Rating Points • Brand Awareness • Brand Equity • Share of Voice • CTR, CPC, CPM • Number of QR Codes Scanned
Distribution Metrics	<ul style="list-style-type: none"> • Weighted Distribution • Numeric Distribution • Contribution Margins for each Channel • Sales Team Efficacy • Out-of-Stock Frequency • Supply Chain Costs • Lead Time
Stakeholders Metrics	<ul style="list-style-type: none"> • Return on Investment

Table 4 Control Measures

13. Contingency Plan

In case Compal *Summo do Dia* does not perform well enough to meet expectations, previously assumed results might not be realistic anymore. Hence, it is important to outline a contingency plan to better manage risk as it compiles a set of alternative and effective response actions in case the initial strategy fails to be successful.

A contingency plan is part of the risk management in a business plan. In case *Compal Summo do Dia* does not perform well enough to meet expectations, previously assumed results might not be realistic anymore. Hence, it is important to outline a contingency plan to better manage risk as it compiles a set of alternative and effective response actions in case the initial strategy fails to be successful.

Situation	Solution
Impossible to penetrate the new HORECA	Provide a specific and more personalized package, that best differentiates the regular from the new HORECA.
Unwillingness to pay by consumers	Increase the perceived value by increasing marketing efforts to strengthen awareness around benefits for the consumer
<i>Compal Summo do Dia</i> still unable to compete with the daily juice in HORECA	Create and distribute a dispenser machine to sell <i>Compal Summo do Dia</i> poured directly to the glass, by providing HORECA with a 5L vacuum-sealed juice package which is then inserted into the dispenser, similarly to the mechanism between the water dispensaries seen in offices.
Available flavors do not meet sales goals	Explore new flavors that better match what consumer is demanding. Use <i>Frutologia</i> to bring new flavor combinations or invest in juices with a single flavor.

Table 5 Contingency Plan

14. Why *Compal Summo do Dia* will Work

The market is evolving toward a more premium and natural product, with the pursue of increasing well-being benefits. Aligned with this, is the growth of the chilled juice category, which has been attracting new players to the market. Furthermore, according to the presented primary research insights, consumers are most interested in juices that are healthy, fresh and deliver an authentic flavor. Thus, *Compal Summo do Dia* is a meaningful new product that responds to these consumer preferences while targeting a new rising and attractive market segment, where the brand is not currently present. The product will be sold both in the modern and HORECA channels. Hence, numerous advantages will be created with the introduction of this new product.

Firstly, it will allow *Compal* to enter into a new category by expanding its current product portfolio with relatively low investment. Even though it implies adaptations to the production line as

well as adjustments in the supply chain, it does not require a new production process, as in the end, Compal *Summo do Dia* will continue to be pasteurized.

Secondly, the new product will enable the expansion of Compal's customer base and strengthen customer satisfaction, while generating substantial growth in a long-term perspective.

Thirdly, as Compal embraces the new project, the company will generate and benefit from synergies while offering a closer to the tree solution, which goes in line with Compal's vision and values.

Fourthly, by replicating the communication plan suggested in this report, Compal will be able to deliver a strong and consistent digital strategy across different channels.

Finally, Compal *Summo do Dia* will provide new distribution channels, as it will help the company to enter the new HORECA, an emerging trend in Portugal, by offering a premium 100% fresh blended juice.

Hence, it is believed that Compal *Summo do Dia* will bring substantial growth to Compal by following all the above-mentioned recommendations that were elaborated throughout this Marketing Plan.

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Exhibit 1 — Freshly squeezed orange juice machines and daily juices



Freshly squeezed orange machines in the modern channel



Daily juice in the HORECA channel

Exhibit 2 — Trade incentives for HORECA displays



HORECA: terrace layout material



HORECA: tray

Exhibit 3 — New HORECA images and personalized trade incentives



Cafe: Fábrica dos Sabores



Cafe: Croissant de Sesimbra



Decorative tree from Compal Summo



Tray with Compal Summo

Exhibit 4 — Market shares for J&N in 2018

Brands	Total	17-18 Gr % Total	Modern Channel	17-18 Gr % Modern	HORECA Channel	17-18 Gr % HORECA
Compal	72.5%	-1.6%	49.4%	-3.7%	90.7%	-1.0%
Um Bongo	8.1%	-6.0%	11.3%	-9.2%	5.7%	0.6%
Juver	1.2%	13.0%	2.6%	15.0%	0.1%	-2.8%
Hero	0.97%	66.0%	0.0%	-49.3%	1.7%	63.7%
Santal	1.0%	10.0%	1.3%	1.7%	0.8%	23.2%
Ceres	0.3%	-8.9%	0.6%	-9.0%	-	-
A Vida	0.0%	-	0.0%	-	0.0%	-
Minute Maid	0.2%	447.7%	0.2%	273.2%	0.1%	1261.5%
Don Simon	0.3%	-9.3%	0.3%	-34.8%	0.3%	27.0%
Private Labels	14.8%	6.8%	33.2%	9.1%	0.4%	-41.5%

*Values rounded to one decimal case

Source: Nielsen 2019

Exhibit 5 — Detailed SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Market leader of the Portuguese market, with 72.5% of market share (Nielsen 2019) • Compal is a national brand that works directly with trusted Portuguese producers ensuring high-quality fruit. Hence, Compal is able to closely monitor part of the production process in order to guarantee that all the quality standards are fulfilled, as 30% of the resources are from local producers (Martins, Ana Rita 2019 Interview) • Strong brand awareness and image allied with 67 years of heritage • Compal is noteworthy for its science of processing fruit called Frutologia (Sumol+Compal 2019). Frutologia is not only a pillar on which the company relies, but a strong value proposition delivered to the customer • Diverse portfolio with constant introduction of innovations, as the brand aims to stay ahead of market tendencies • Different packages to serve different customer needs, occasions of consumption and distribution channels • Even more sustainable packaging with the introduction of Tetra Pak format, <i>Tetra Stelo™ Aseptic</i> (Tetra Pak 2019). Additionally, the package's ergonomic shape enables consumers to easily hold and pour its entire content, avoiding juice water 	<ul style="list-style-type: none"> • Considering Portuguese consumers are price sensitive (Deloitte 2017), Compal competes with private labels, which offer significantly lower prices. The attractive retailer brands' prices cannot be matched by Compal due to its high R&D and marketing expenses • Cope with fruit seasonality. As Compal relies mostly on local fruit producers, the harvests highly depend on climate conditions. For this reason, the company may encounter production delays or out-of-stock issues. For instance, there is the case of <i>Laranja do Algarve</i> that ran out of stock and forced the company to import oranges from Brazil, changing the whole product and communication (Martins, Ana Rita 2019 Interview)
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Growth in healthy trend, leading consumers to seek more natural options and they are willing to pay extra for it (Gagliardi 2015) • As the customer becomes more demanding and companies increase the number of touchpoints available, the omnichannel experience is gaining importance in order to ensure a consistent customer experience across channels. Compal could take advantage of this not only by performing a digital transformation and optimizing its website — <i>Saborista</i> —, but also by effectively entering new distribution channels, such as the new HORECA, or new purchase points, such as the chilled juices area • Compal is a well-established brand strongly present in consumers' minds, nonetheless, it is of utmost importance to reinforce the customers' relationship with the brand, in order to become a love brand. This is a state private labels are not able to achieve since their connection with consumers consists mostly of low prices 	<ul style="list-style-type: none"> • Rapidly increase of private labels — a growth of 9.05%, in value, in the modern channel regarding 2017-2018 (Nielsen 2019). These brands are adapting their portfolio to match manufacturer brands' portfolio. The 100% juice market is already being driven by private labels, with a growth of 24.7% in volume, in 2018 (AIJN 2019) • Due to the higher sugar content and the loss of nutrients as a consequence of the fruit processing, several representative associations of health professionals and international health organizations, such as the World Health Organization, have been suggesting a restricted consumption of nectars and reinforcing the importance of consuming fruit instead (Gov Portugal 2018). • The new HORECA has been increasing its presence in Portugal. This growth is threatening manufacturer brands since they have low visibility in this new channel, as brands' display is highly avoided. • Mercadona entered the Portuguese market in July of 2019, having opened 6 stores to the moment. The widely recognized great quality of their own label as well as the fact that they have limited offerings of Portuguese brands is also expected to have an economic impact in the market (Mercadona 2019) • Fruit seasonality that may lead to out-of-stock issues

Exhibit 6 — Compal and competitors' prices

Competitors	Nectar	100%
Compal	0.99 € — 1.49 €	1.49 € — 1.69 €
Um Bongo	1.49 €	-
Juver	1.15 €	1.19 €
Santal	1.31 € — 1.44 €	1.44 €
Ceres	2.14 €	2.14 €
Don Simon	1.39 €	1.39 €
Pingo Doce	0.69 € — 0.89 €	0.66 €
Continente	0.99 €	1.39 €
Auchan	0.79 €	1.39 €
El Corte Inglés	1.29 €	1.99 € — 2.29 €
Paquito	0.79 € — 0.89 €	0.74 € — 2.10 €

*in euros, using as reference the 1L package

Source: Retailers' website

Exhibit 7 — Consumption of J&N in Portugal

Total fruit juice and nectars						
Volume, million litres	2013	2014	2015	2016	2017	16-17Gr%
Total	114	114	119	125	131	4.8%
Top two brands						2017 Vol ml
Juice	Compal					4.9
	Um Bongo					1.1
Nectars	Compal					68.0
	Um Bongo					10.1
Fruit juice (100% juice content)						
Total fruit juice	20	19	16	15	19	22.9%
Branded	8	8	8	8	9	6.5%
Private label	12	12	9	7	10	43.4%
Ambient	18	18	14	13	16	22.7%
Chilled	2	2	2	2	2	23.9%
From concentrate	18	18	14	13	16	22.7%
Not from concentrate	2	2	2	2	2	23.9%
Nectars (25-99% juice content)						
Total nectars	93	95	103	110	112	2.6%
Branded	66	69	78	84	85	0.9%
Private label	28	26	25	26	28	8.1%

Source: AIJN 2018

Exhibit 8 — Table with positioning of Compal’s sub-brands







	Sub Brands	Images	Positioning	FC / NFC	Formats Available
Nectars	Clásico		To all consumers that value what is real and appreciate and draw pleasure from what nature has best, Compal Clásico is a high-quality nectar, that offers a unique and different experience by exploring individual flavors, because of <i>Frutologia</i> and Compal's know-how in searching and delivering the best quality nectars.	FC and NFC	Depending on the flavor the formats available are: Tetra Pak 1L, 200ml and 330ml and Glass Bottle 200ml
	Origenes		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 Origenes is a nectar produced with both national and international renowned fruit, that offers a tasteful and specific flavor while telling a story about its origins, because of <i>Frutologia</i> and Compal know-how in searching and delivering the best quality nectars.	NFC	Depending on the flavor the formats available are: Tetra Pak 1L, 200ml and 330ml and Glass Bottle 200ml
	Vital		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 <i>Frutologia</i> and Compal's know-how on producing all sorts of J&N and managed to introduce alternatives to refined sugar.	FC	Depending on the flavor the formats available are: Tetra Pak 1L, 200ml and 330ml and Glass Bottle 200ml
	Família		To B and C social classes, above 26 years old, for both genders that consume soft drinks and J&N, and value products with a good relationship between price and quality, that are able to share during a meal, Compal Família is a more liquid juice prepared for meals, that offers a healthier option than soft drinks with fruit flavors, because of <i>Frutologia</i> and Compal's know-how in searching and delivering what consumers value when looking for a drink to accompany their meals.	FC	Pet 1.5L
100% Juices	Veggie		To A, B, and C social classes, above 20 years old, mostly for women and for 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 <i>Frutologia</i> and Compal' know-how on producing a unique blending drink.	FC	Depending on the flavor the formats available are: Tetra Pak 1L and Glass Bottle 200ml
	Summo		To A, B, C+ social classes, above 25 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&N market made with only natural ingredients, that offers high-quality and tasteful drinks, because of <i>Frutologia</i> and Compal's know-how and expertise, which allows them to produce a unique blending drink.	NFC	Available on Tetra Pak 1L and Glass Bottle 200ml

Exhibit 9 — Compal’s available packaging



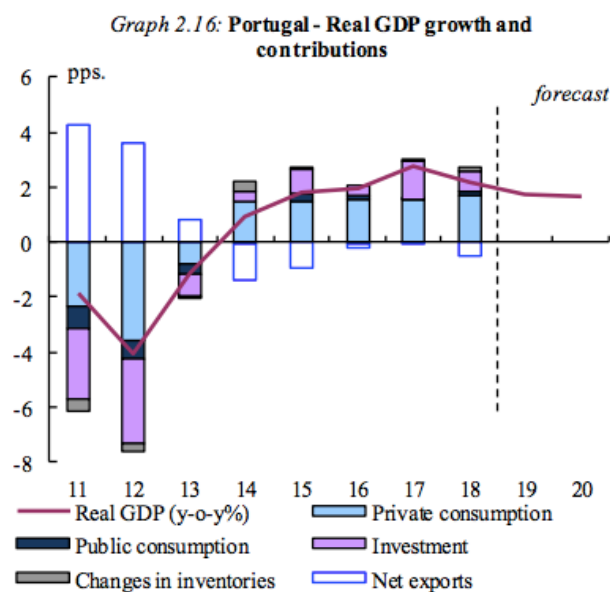
Source: Continente Online 2019

Exhibit 10 — Private Labels Images



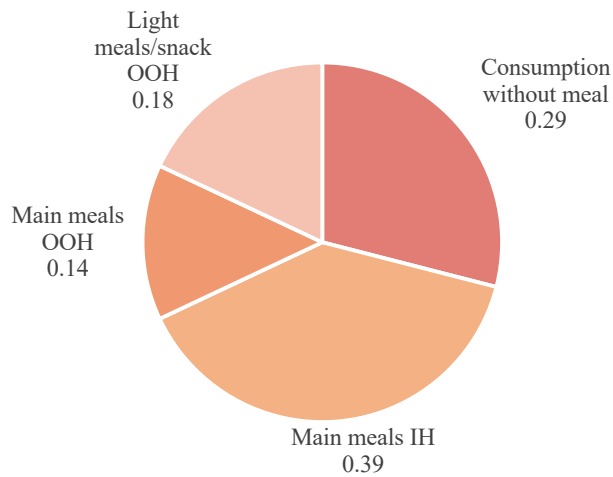
Source: Retailers’ websites

Exhibit 11 — Real GDP growth in Portugal



Source: European commission 2019

Exhibit 12 — Occasions of consumption for J&N



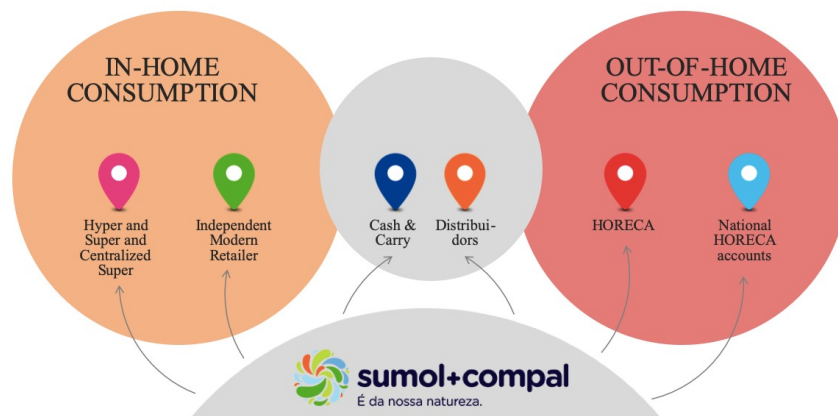
Source: Compal 2019

Exhibit 13 — Facilities and distribution centers



Source: Compal 2019

Exhibit 14 — Retail touchpoints by Compal



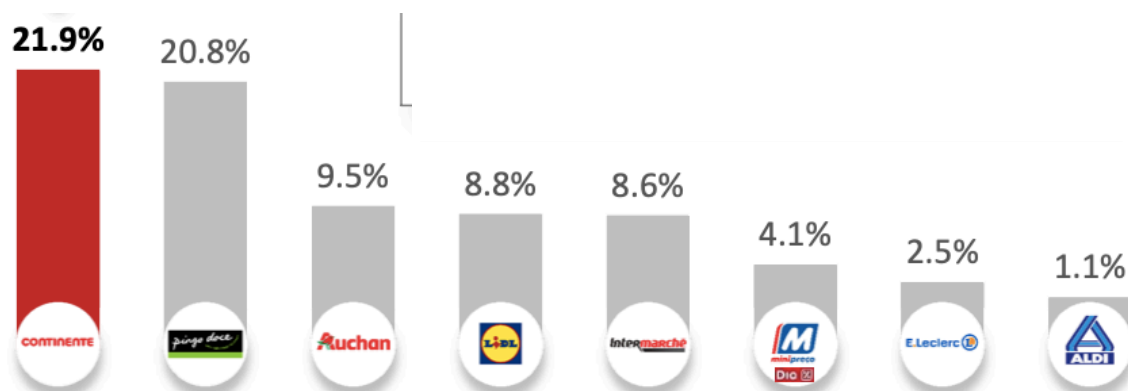
Source: Compal 2019

Exhibit 15 — Number of retailers' stores in Portugal

Insignia	Chain	Number of stores
Aldi		63
Auchan		53
	Jumbo	24
	My Auchan	19
	Pão-de-Açucar	10
DIA		549
E.Leclerc		20
ECI		8
	El Corte Ingles	2
	Supercor	6
Intermarche		247
	ITM Contact	64
	ITM Super	183
Lidl		245
Pingo Doce		417
	PD Conveniência	1
	PD Hiper	9
	PD Mega	42
	PD Micro	41
	PD Super	301
	PD Super Franquia	9
Sonae		275
	Continente	41
	Continente Bom Dia	102
	Continente Modelo	124
	Continente Online	1
	GoNatural	7
Mercadona		10
TOTAL		1887

Source: Compal 2019

Exhibit 16 — Private labels' market shares



Source: CMVM 2018

Exhibit 17 — Advertising agencies

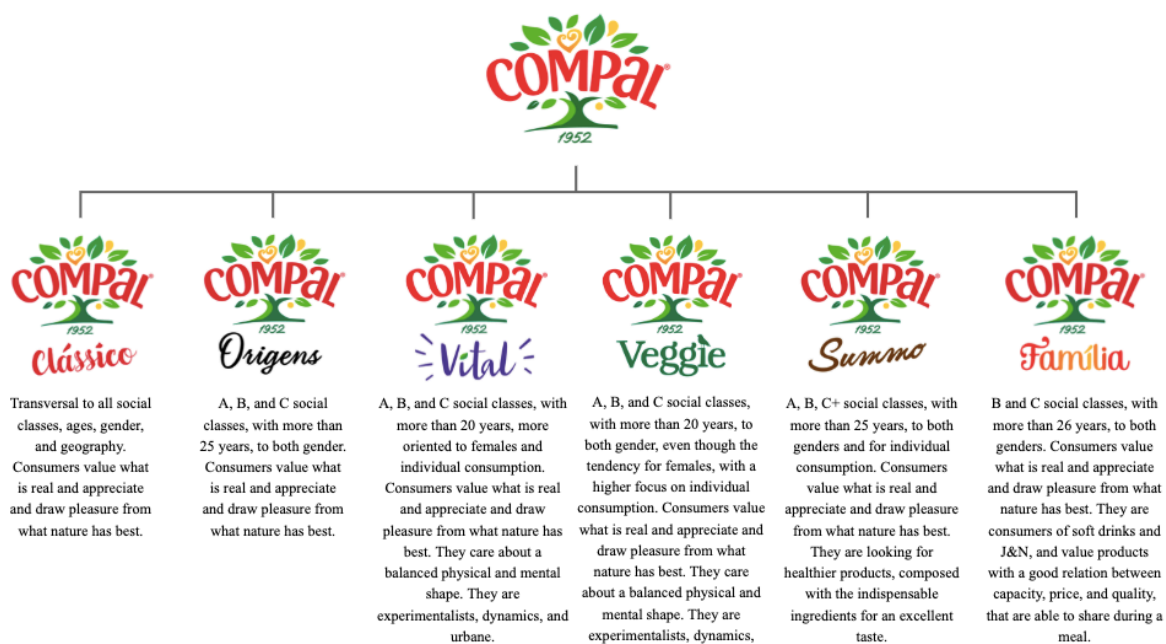
Agencies	Role	Description
Young & Rubicam (Y&R)	Creative Agency	Presents the master idea to all other agencies, which will be the basis the whole strategy
Initiative	Media Agency	Responsible for selecting the most effective media channels and, afterwards, tracking the campaigns
Loyal	PR Agency	In charge of broadcasting to the news the new launches
Live Content	Digital Agency	Manages Compal's social media, including Facebook, Instagram, Twitter, and Youtube, contracts influencers to publicize in their own accounts, takes care of display banners in strategic websites, elaborates contests and giveaways, and tracks the effectiveness of these campaigns
Brandkey; Labstore	Trade Agency	Responsible for the content creation of trade marketing for POS

Exhibit 18 — Pillars of Compal with corresponding brands



Source: Compal 2019

Exhibit 19 — Target for each sub-brand of Compal



Source: Martins, Ana Rita 2019 interview

Exhibit 20 — Table with risk and potential factors, along with criteria and scales

Risk Factors	Explanation	Scale	Weight
Investment	In machines, production process or even communication	Low investment — 1 High investment — 1	25%
Easy to copy	How easy is for competitors, including private labels to copy the innovation	Very difficult — 1 Very easy — 5	10%
Feasibility of Production	Can it be adapted for Compal’s processes or does it require new processes	Does not require new processes — 1 Requires new processes — 5	15%
Adoption potential (for customers)	Willingness of consumers to adopt the new idea	High willingness — 1 Low willingness — 5	20%
Cannibalization of other Compal products	—	No cannibalization — 1 High cannibalization — 5	15%
Complexity of logistics	How complex is to bring this idea to live	Low complexity — 1 High complexity — 5	15%

Potential Factors	Explanation	Scale	Weight
Aligned with the slogan “Compal é mesmo natural”	—	Not aligned - 1 Totally aligned - 5	20%
Innovation degree in J&N market	Newness to the Portuguese J&N market	Not innovative - 1 Very innovative - 5	15%
Market Potential (Market Penetration for Compal)	Size of the market for this new idea - Is it a niche market?	Low penetration - 1 High penetration - 5	25%
Aligned with market trends	—	Not aligned - 1 Totally aligned - 5	5%
Distribution channels	Creation of new distribution channels to Compal	Does not change - 1 Changes placement in Modern channel - 2 Small new channel - 3 Big new channel - 4 Completely new channel - 5	25%
Contribution margin for the channel	Profitability for Compal	Low margin - 1 High margin - 5	10%

Exhibit 21 — Risk and Potential matrix



Exhibit 22 — Matrix with adjusted axes and path to follow

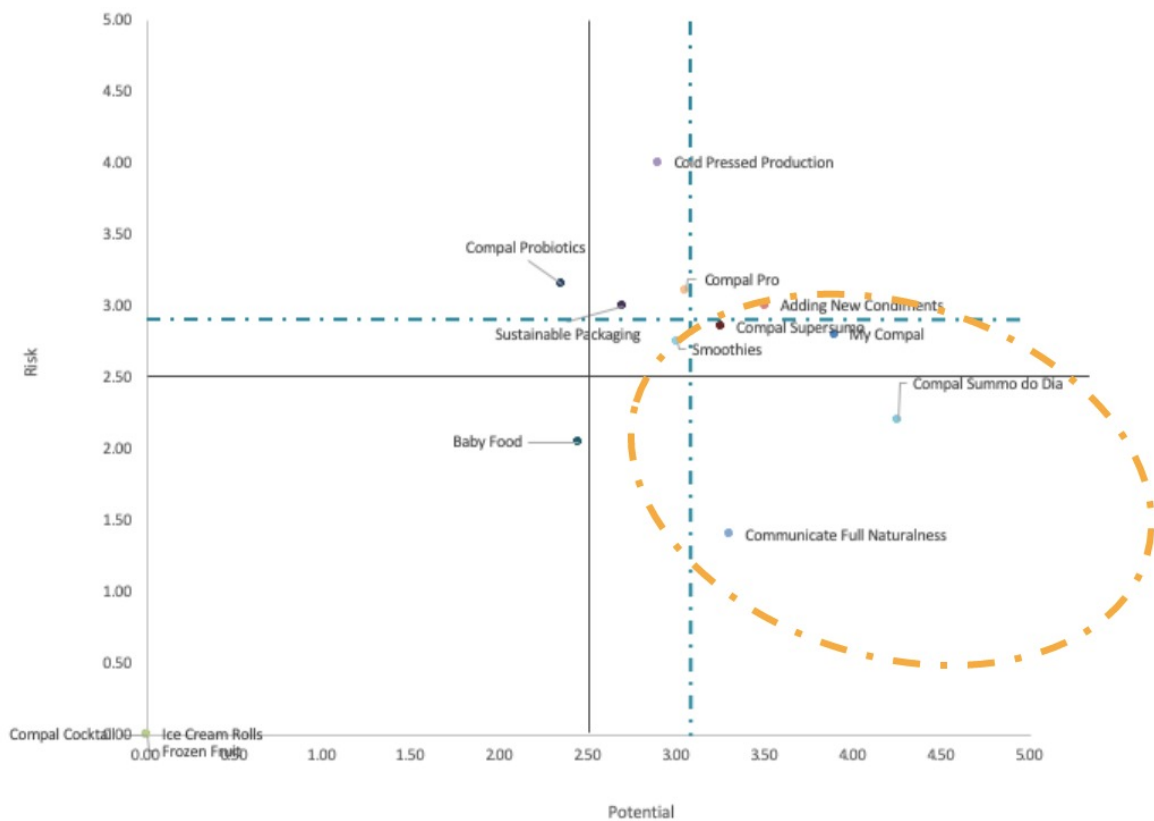


Exhibit 23 — Topics covered in the qualitative research

Warm-Up

Good morning/afternoon/evening. My name is _____ and I am currently a student at NOVA School of Business and Economics. As part of my thesis, I am conducting a market research on juices and nectars in Portugal, beverages that excluded carbonated-soft drinks as Coca-Cola, Sumol, etc. We are using a non-directive method, which means that I will not ask you specific questions. Therefore, you are free to mention whatever you it comes to mind about the topic. There are no right or wrong answers. For the purpose of analyzing our interviews later, I would like to record our conversation. It will remain anonymous and confidential and you will not be contacted further after this interview. This interview will last approximately around 40 minutes. Do you give me permission?

Initial Question

Could you please describe me the last time you consumed a juice or nectar? Which brand did you buy and why? (Remind the difference between juices & nectars and other beverages)

Topics to be Covered

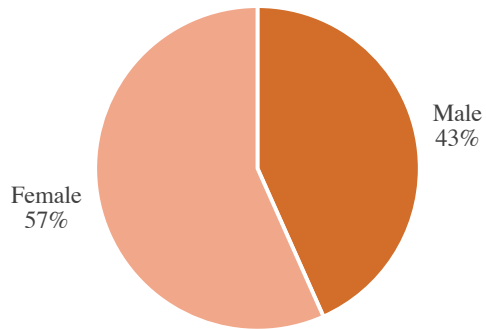
1. Purchase Behavior towards the Category
 - a. Brands purchased
 - b. Channel of purchase
 - c. Frequency of consumption
 - d. Purchase volume
 - e. Purchase drivers
2. Consumption Behavior towards the Category
 - f. Occasions of consumption
 - g. Consumption motivation
 - h. Seasonality of consumption
 - i. For non-consumers
 - i. Reasons not to consume
 - ii. Possible motivations that would lead to consumption
3. Image and Perception towards the Category
 - j. Valued attributes in J&N
 - k. Distinction between 100% juices and nectars
 - l. Perception of private labels
 - m. J&N substitutes
 - n. Perfect juice
4. Brand Awareness of Compal
 - o. Brand recall of the category
 - p. Brand recognition — show different logos
 - q. Compal consumption & preferences
 - r. Distinction between sub-brands
5. Associative Technique
 - s. Three adjectives that would characterize Compal
 - t. Three adjectives that would characterize other brands mentioned throughout the interview
6. Projective Technique
 - u. If Compal was a person, what type of person would it be?
7. Users expectations
 - v. What kind of attributes/characteristics could be added to J&N?
 - w. What kind of innovation could Compal pursue?

Demographic Data

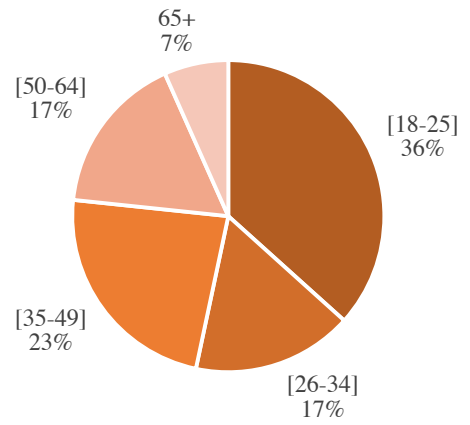
8. Gender
9. Age
10. Occupation
11. Level of education
12. Number of people in household
13. Children's age (if applicable)

Exhibit 24 — Qualitative sample characterization

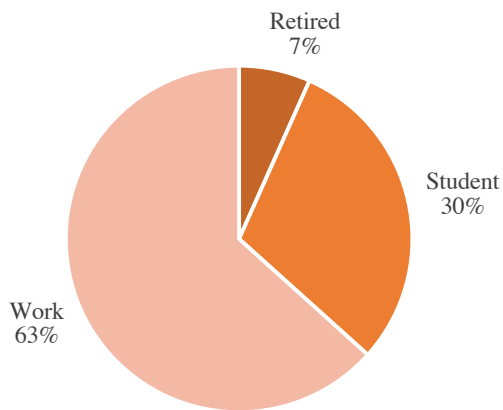
GENDER



AGE



OCCUPATION



LEVEL OF EDUCATION

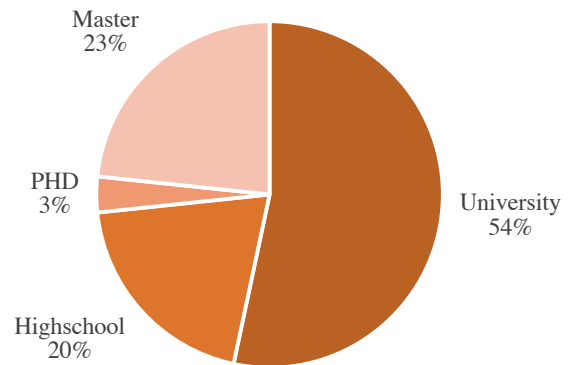


Exhibit 25 — Brands Purchased

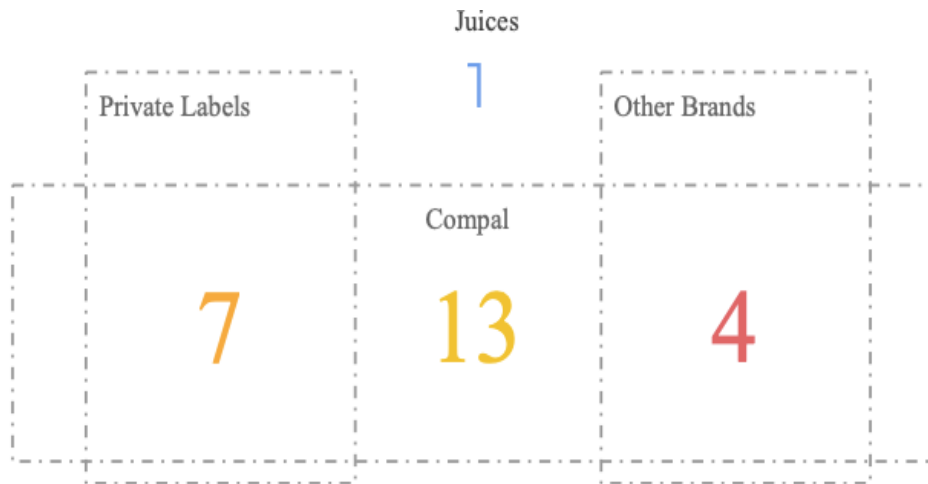


Exhibit 26 — Division per frequency of consumption within each channel

Channel	HORECA (Frequency based)	Modern (Liters per month)
Heavy Consumers	2 to 3 times a week, once a week, 2 to 3 times a month n = 12	4L or more n = 8
Medium Consumers	—	2L-4L n = 8
Light Consumers	Once a month or less n = 10	0L-1L n = 9

Exhibit 27 — Purchase Drivers of the J&N Category

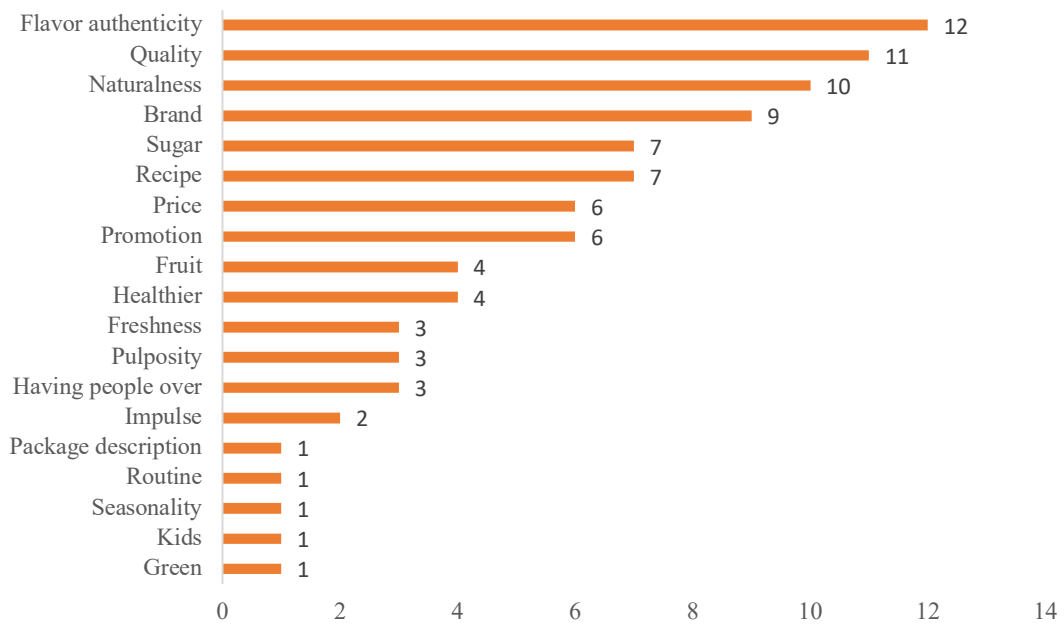


Exhibit 28 — Occasions of consumption

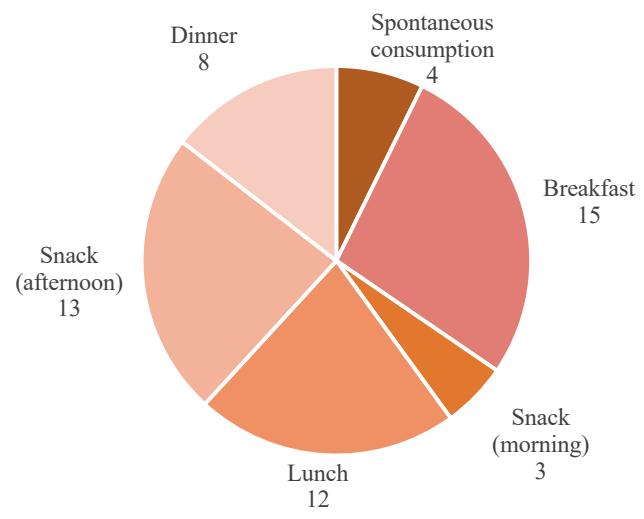


Exhibit 29 — Consumption drivers of the J&N category

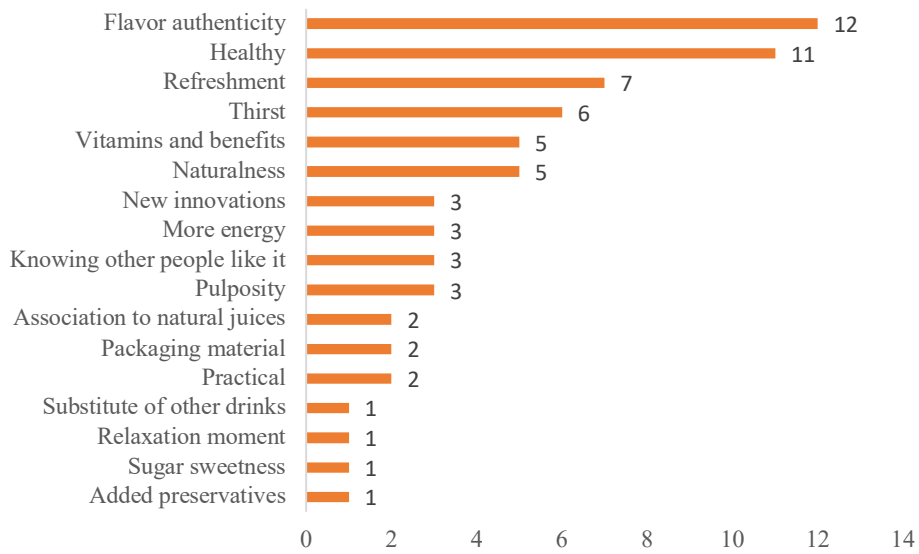


Exhibit 30 — Consumption constraints of the J&N category

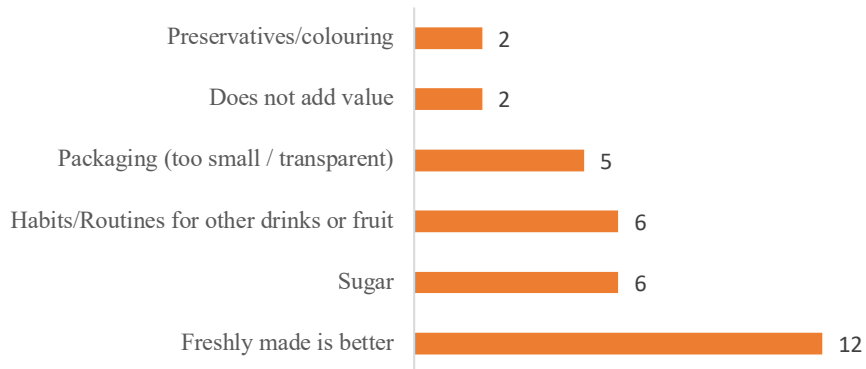


Exhibit 31 — Valued attributes of the J&N category

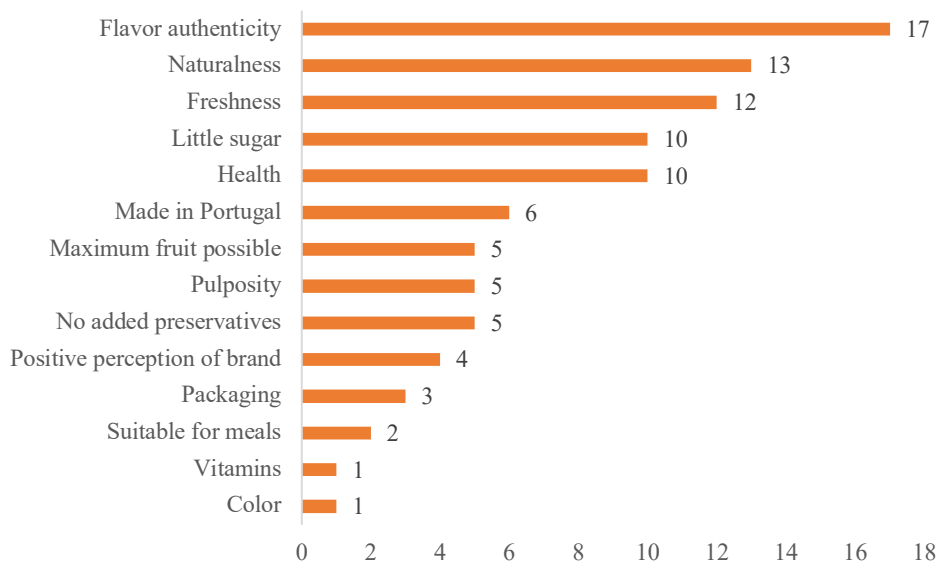


Exhibit 32 — Perception on a 100% juice versus a nectar

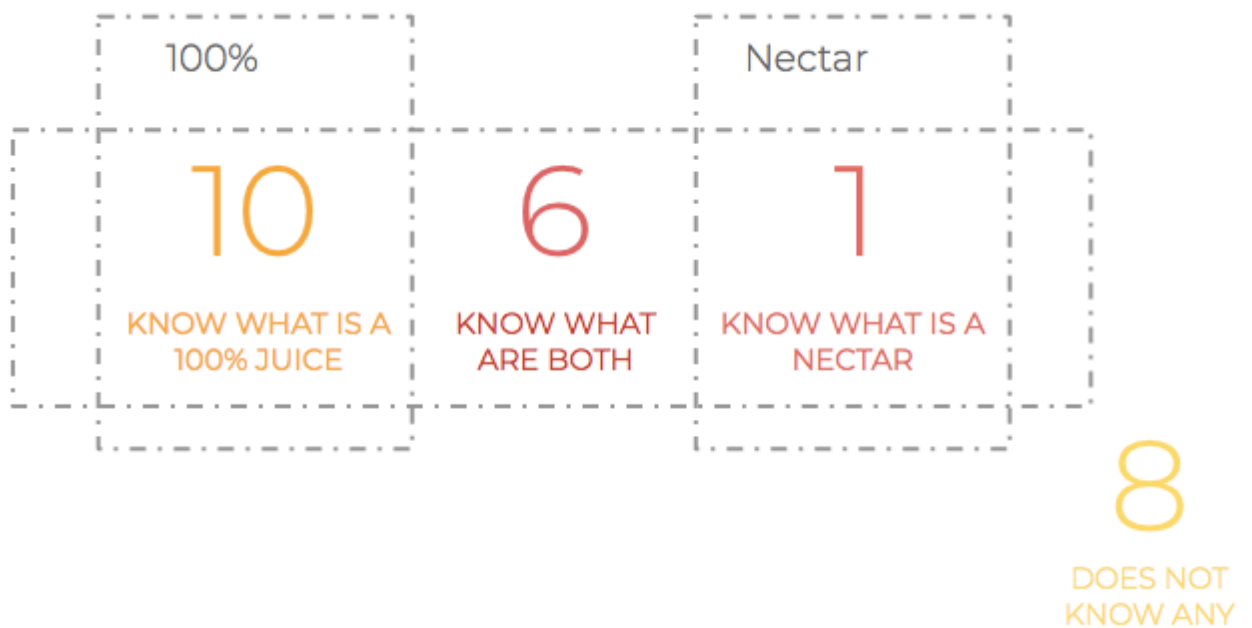


Exhibit 33 — Knowledge regarding sub-brands in Compal’s portfolio

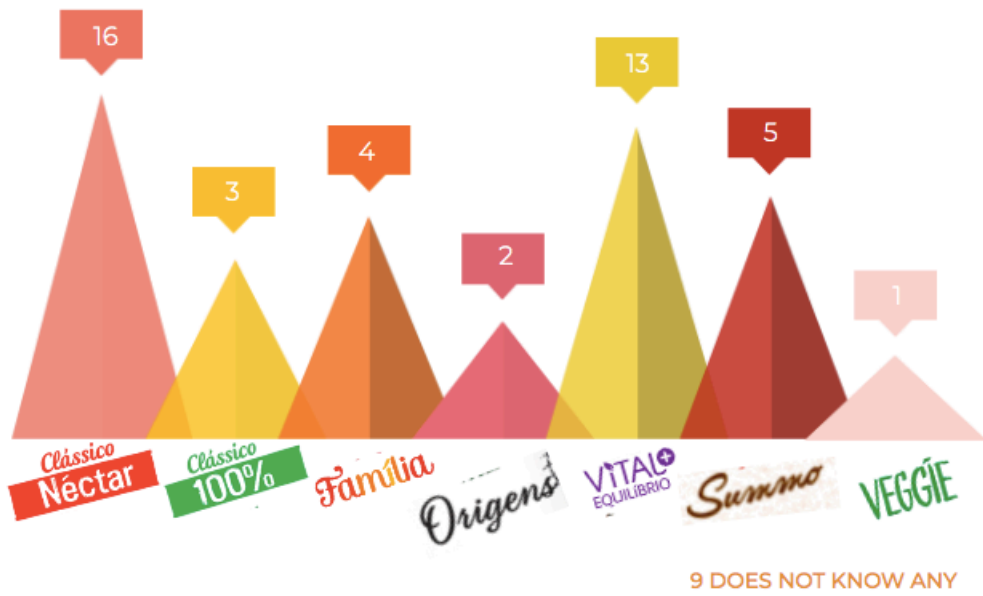


Exhibit 34 — Brand awareness



Exhibit 35 — Brand recall for private labels

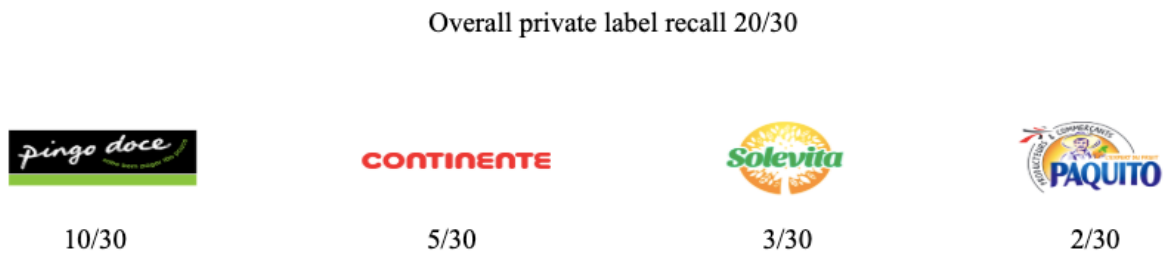


Exhibit 36 — Qualitative research quotes

Brands purchased	Purchase Drivers	Occasions of Consumption	Consumptions Drivers	Consumption Constraints	Non-Consumers Reasons Not to Consume
<i>I usually buy Compal, however I sometimes buy other brands like Pingo doce's private label</i> #22, Female, 35y, High School	<i>A juice that is in a transparent package looks more natural to me. I appreciate being able to see the product I am buying</i> #7, Female, 54y, High School	<i>I do not consume J&N daily nor at meals, it is something I do on the weekend when having a snack</i> #4, Female, 41y, Bachelor's Degree	<i>Whenever I am thirsty or feel like having fruit</i> #1, Female, 20y, High School	<i>I try to minimize my sugar intake as it is not healthy to consume a lot of sugar</i> #27, Male, 30y, Master's Degree	<i>I do not have the habit of drinking juice, I prefer other drinks as coffee or milk</i> #6, Female, 83y, Bachelor's Degree
<i>I only buy Compal</i> #5, Female, 24y, Bachelor's Degree	<i>I always compare prices at the supermarket, within a flavor</i> #22, Female, 35y, High School	<i>At meals, mainly at dinner</i> #25, Female, 90y, High School	<i>It is a fresher and healthier option</i> #4, Female, 41y, Bachelor's Degree	<i>I feel I am buying less package juices because they do not add any value. I prefer natural fruit juices, they are more natural</i> #8, Male, 21y, Bachelor's Degree	<i>I do like J&N but the benefit I get from them is not enough: satisfaction vs calories</i> #17, Male, 57y, High School
<i>I usually buy either Compal or Ceres</i> #20, Male, 58y, Master's Degree	<i>The most relevant for me is the quality of the juice and the brand</i> #25, Female, 90y, High School	<i>Usually at main meals, lunch and dinner, because at breakfast I usually drink other things, such as milk</i> #26, Female, 58y, PHD	<i>Freshness and something that fulfill me. It is also fruit, which is always good</i> #7, Female, 54y, High School	<i>Package juices must have a lot of preservatives and additives. They should be more natural</i> #5, Female, 24y, Bachelor's Degree	<i>Drinking a juice implies consuming more than I need as ambient juices always contain preservatives</i> #28, Female, 30y, Master's Degree

Valued Attributes in J&N	J&N Substitutes	100% vs Nectar	Preferred Packaging	Association Technique	Projective Technique
<i>Have the most natural taste possible and have a natural composition, without additives or preservatives</i> #18, Male, 58y, Master's Degree	<i>Mainly water</i> #22, Female, 35y, High School	<i>I think both have sugar</i> #27, Male, 30y, Master's Degree	<i>I mostly drink 1L tetrapack; I like the ones in glass, because it is just the juice, no added flavour from the packaging</i> #23, Male, 22y, Master's Degree	<i>Compal is a Portuguese, natural and reliable brand</i> #14, Female, 55y, Bachelor's Degree	<i>Fun, joy, relaxed, uncomplicated and young person</i> #23, Male, 22y, Master's Degree
<i>Good and natural taste obviously, but also not being too sugary</i> #25, Female, 90y, High School	<i>I normally drink wine at main meals, nor even beer or water, mostly wine</i> #20, Male, 58y, Master's Degree	<i>A 100% juice is only juice while a nectar is sweeter because it has added sugar</i> #29, Male, 26y, High School	<i>Glass bottles in cafes, the ones from Compal with the "popping sound"</i> #5, Female, 24y, Bachelor's Degree	<i>Natural, fresh, and agriculture</i> #22, Female, 35y, High School	<i>An old man from Alentejo, with a big mustache</i> #15, Male, 31y, Master's Degree
<i>The fact that has vitamins, the fact that has fruit, especially Compal that has more than the others; more concentrated and pulpy</i> #9, Female, 35y, High School	<i>Normally, I go for a juice or a Coca-Cola</i> #14, Female, 55y, Bachelor's Degree	<i>I have no idea</i> #25, Female, 90y, High School	<i>The small package, more directed to kids on the go</i> #16, Female, 55y, High School	<i>Quality; heritage and Portugalidade</i> #7, Female, 54y, High School	<i>Does not have afraid to take chances, it takes care of what is eating, likes to please everyone, and authentic</i> #17, Female, 22y, Bachelor's Degree

Exhibit 37 — Quantitative research questionnaire

Section 0 — Narrow sample

- Have you lived in Portugal for 5 years?
Yes – Section 1
No – End of the questionnaire

Section 1 — Initial question

- Have you purchased a juice or a nectar in the supermarket at least once in the last 6 months (includes branded J&N or freshly squeezed in the supermarket; excludes soda such as Coca-Cola, 7UP, Ice Tea, etc.)?
Yes – Section 3
No – Section 2

Section 2 — Reasons not to consume a J&N

- Rank the 3 reasons that lead you not to purchase J&N in the supermarket
No habit
Sugar amount
Package size
Adding preservatives
Dislike J&N
Freshly made is better
Don't offer the flavors I enjoy
- Do you usually make your juices at home?
Yes – Section 5
No – Section 6

Section 3 — Homemade juices

- What flavors do you usually make?
Orange
Lemonade
Other combos: Which?
- To what occasions?
Breakfast
Snack in the morning
Lunch
Snack
Dinner
Spontaneous consumption (guests, events, parties, etc.)
- I do my juices at home because... (Likert scale: strongly disagree; disagree; neither agree or disagree; agree; strongly agree)
It is healthier
It is fresher
Don't like packaged juice's combinations
Cheaper alternative
Has more vitamins and nutrients
It is more natural
Has less sugar

Section 4 — *MyCompal*

- Evaluate the following statements (Likert scale: strongly disagree; disagree; neither agree nor disagree; agree; strongly agree)
I value flavor personalization of my juice
I value having my own sustainable bottle/package
I value choosing the consistency of my juice (more/less pulpy/liquid)
I value having strategic locations where I can refill my bottle with juice (workplace, university, metro stations, etc.)

Section 5 — Modern channel

- Are you responsible for at least 50% of your household's purchases?

Yes
No

- How often do you purchase J&N in the supermarket?
 - Less than once a month
 - Once a month
 - 2/3 times per month
 - Once a week
 - More than once a week
- How many liters, approximately, do you purchase in the supermarket per month?
 - Less than 2
 - Between 2 and 4
 - More than 4
- In what occasions do you usually drink the J&N?
 - Breakfast
 - Snack in the morning
 - Lunch
 - Snack
 - Dinner
 - Spontaneous consumption (guests, events, parties, etc.)
- What brands did you purchase in the supermarket in the last 6 months?
 - Compal
 - Ceres
 - Santal
 - Tropicana
 - Hero
 - Capri-sun
 - Sunquick
 - Juver
 - GoNatural
 - SoNatural
 - Innocent
 - Private label (Pingo Doce, Continente, Lidl, Intermarché, MiniPreço)
- What is your opinion on private labels in the category? (select one option)
 - Private labels offer good quality for its price/Good price-quality ratio
 - It is cheap but has poor quality
 - Branded juices have superior quality when compared to private labels
 - No formed opinion
- Rank the 3 most important attributes that most influence you to purchase a J&N?
 - Quality
 - Authentic flavor
 - Healthy
 - Price
 - Fruit combination
 - Sugar amount
 - Naturalness
 - Having guests at home
 - Brand
 - Promotion
 - Package material
- Where do you usually buy J&N in the supermarket?
 - Ambient juices shelf
 - Chilled juices area
- Rank ambient shelf juices regarding the following aspects (Likert scale with 7 options)
 - Cheap _____ Expensive
 - Not natural _____ Very natural
 - Not healthy _____ Very healthy

- No preservatives _____ Lots of preservatives
- Rank chilled juices regarding the following aspects (Likert scale with 7 options)
 - Cheap _____ Expensive
 - Not natural _____ Very natural
 - Not healthy _____ Very healthy
 - No preservatives _____ Lots of preservatives
- Have you purchased a freshly squeezed juice in the supermarket in the last 6 months?
 - Yes – Section 6
 - No – Section 7

Section 6 — Freshly squeezed in the supermarket

- Rank the 3 most important attributes that you value in freshly squeezed supermarket juices?
 - Natural
 - Freshness
 - Being made in front of me
 - No preservatives
 - No added sugar
 - Keeps vitamins and nutrients
 - I prefer the flavor

Section 7 — HORECA channel

- Have you purchased a J&N in a café/restaurant/hotel at least once in the last 6 months (includes branded J&N or freshly squeezed in the supermarket; excludes soda such as Coca-Cola, 7UP, Ice Tea, etc.)?
 - Yes – Section 9
 - No – Section 8

Section 8 — Reasons not to consume in HORECA channel

- Rank the 3 most important reasons to why you have not purchased a J&N
 - No habit/Prefer other beverages
 - Sugar amount
 - Package size
 - Adding preservatives
 - Dislike for J&N
 - Price

Section 9 — HORECA channel

- How frequently do you purchase in the HORECA channel?
 - Less than once a month
 - Once a month
 - 2/3 times per month
 - Once a week
 - More than once a week
- In what occasions do you usually drink a J&N?
 - Breakfast
 - Snack in the morning
 - Lunch
 - Snack
 - Dinner
 - I do not drink J&N
- What brands have you purchased?
 - Compal
 - Santal
 - Hero
 - Other. Which?
 - None (or just consume daily juice/freshly squeezed)
- Do you usually purchase the daily juice in the HORECA channel?
 - Yes – Section 10
 - No – Section 11

Section 10 — Daily juice vs package

- Evaluate the following statements (Likert scale: strongly disagree; disagree; neither agree nor disagree; agree; strongly agree)?
 - I like that cafes have their own daily juice
 - I value the offer of tropical flavors (mango, passion fruit, etc.)
 - I believe Compal could offer its own daily juice
 - I would purchase a daily juice sold by Compal
- When comparing a daily juice with a packaged branded juice, I believe that a daily juice is... (more/less/equal) than packaged branded juices
 - Natural
 - Tasty
 - Healthy
 - Expensive
 - More vitamins and nutrients

Section 11 — Perfect juices

- Rank the 5 attributes you would use to describe the perfect juice
 - Natural
 - Freshly made
 - No added sugars
 - Tasty
 - No added preservatives
 - Maximum fruit amount possible
 - Vitamins and nutrients
 - Made in Portugal
 - More pulpy
 - More liquid
 - Tropical flavors
- What is the difference between a juice and a nectar?
 - A 100% fruit juice is made with fruit and water
 - Yes
 - No
 - A 100% fruit juice has added sugars and/or preservatives
 - Yes
 - No
 - A 100% fruit juice is made solely with fruit
 - Yes
 - No
 - A nectar has water
 - Yes
 - No
 - A nectar has more fruit than a 100% fruit juice
 - Yes
 - No
- Which Compal Sub brands do you know?
 - Compal Clássico
 - Compal Clássico 100%
 - Compal Vital
 - Compal Família
 - Compal Veggie
 - Compal Summo
 - Compal Origens
 - None of the above/ I do not know any
- What 3 words do you must associate with Compal?
 - Portugalidade
 - Experient
 - Tasteful

Innovative
Agriculture
Industrial
Trust
Old
Young
Fresh
Artificial
Healthy
Elegant
Fun
Natural
Boring
Traditional
Quality

- In what places would you like to purchase a J&N?
 - Where I already do
 - Workplace
 - Schools and Universities
 - Shopping malls
 - Festivals
 - Metro stations
 - At home via Uber Eats or Glovo
 - At home via subscription
 - Pharmacies

Section 12 — Sample characteristics

- Gender
 - Male
 - Female
- Age
 - Less than 18
 - [18-24]
 - [25-34]
 - [35-49]
 - [50-64]
 - More than 65
- Average monthly income in the household
 - Less than 1,500€
 - Between 1,500 and 3,000€
 - Between 3,000 and 4,500€
 - More than 4,500€

Exhibit 38 — Quantitative sample characterization

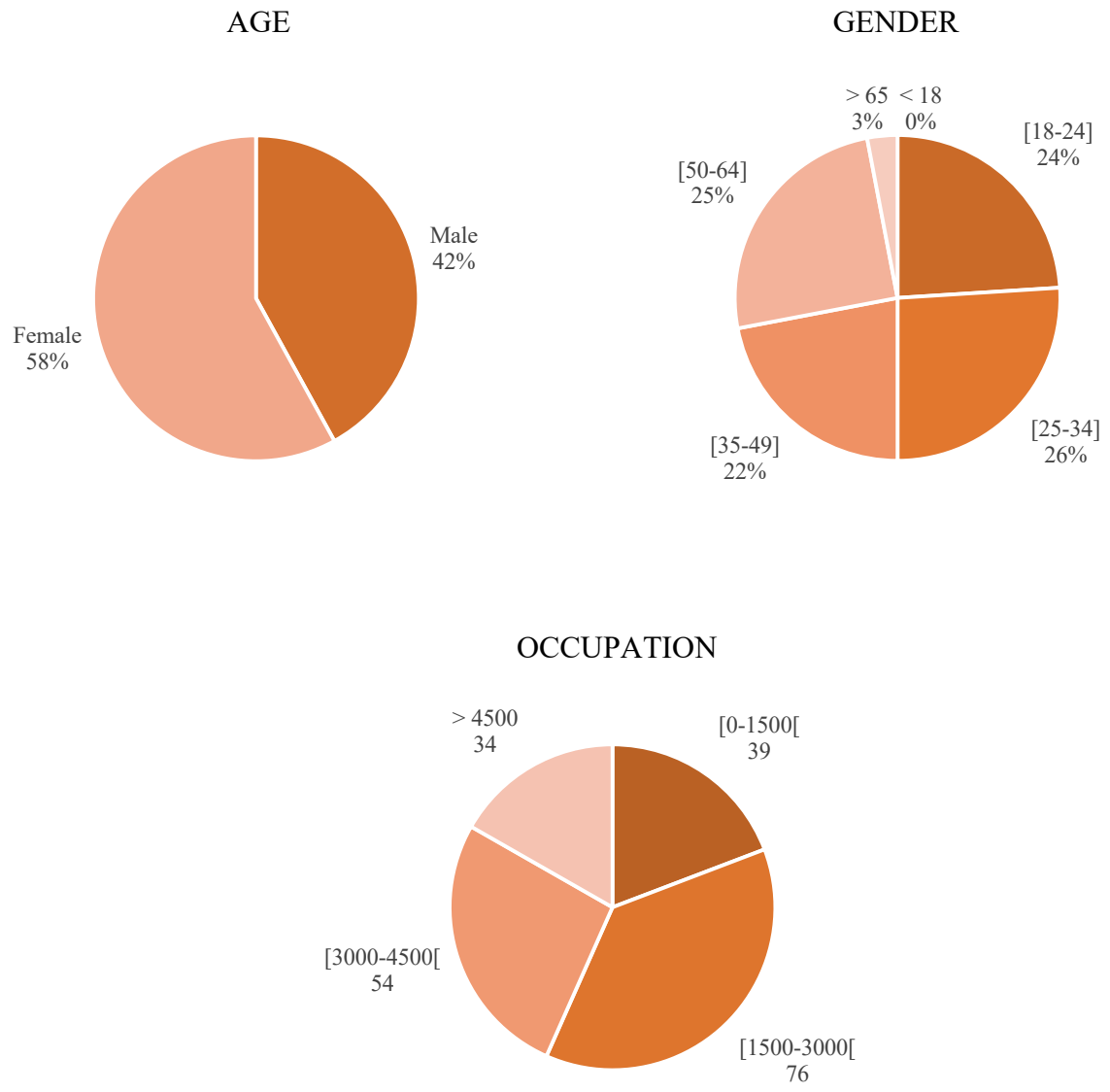


Exhibit 39 — Frequency of consumption

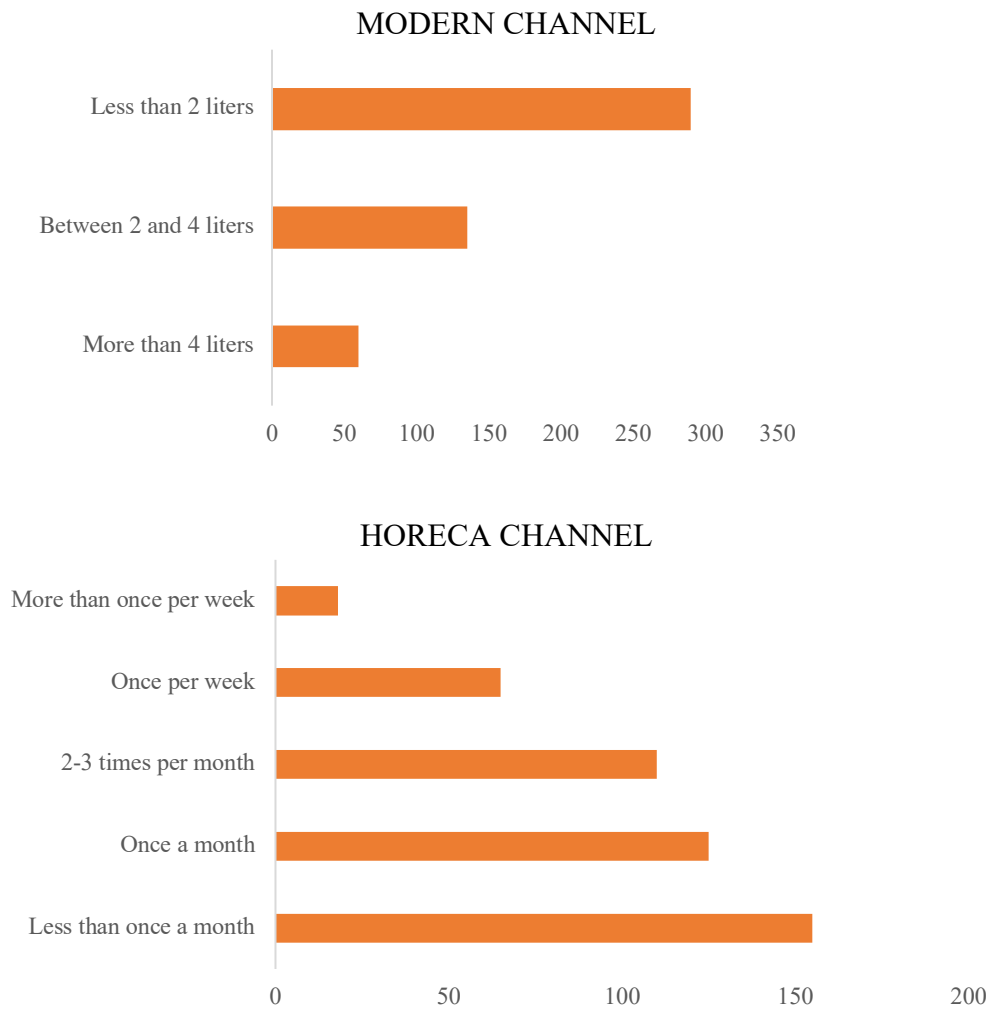


Exhibit 40 — Purchase Drivers

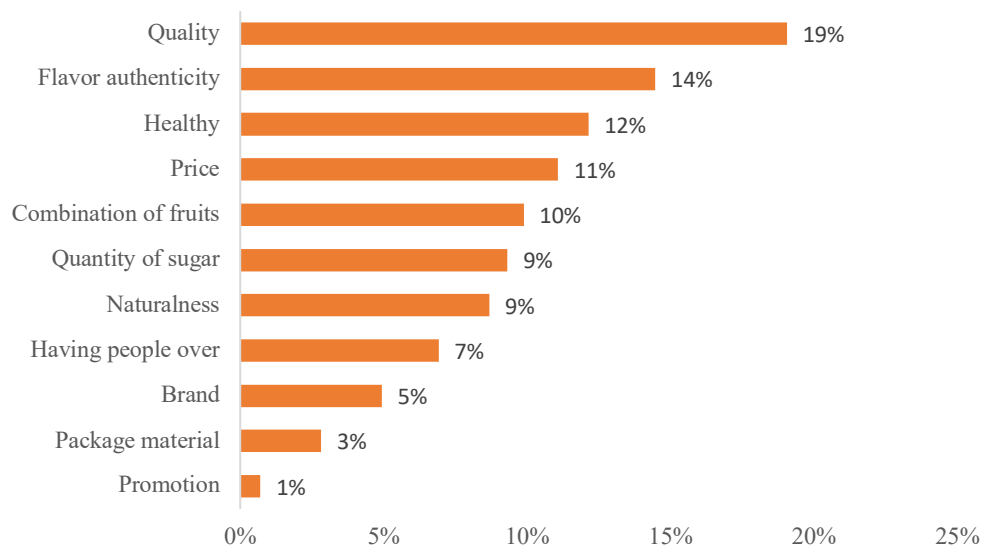


Exhibit 41 — Occasions of consumption

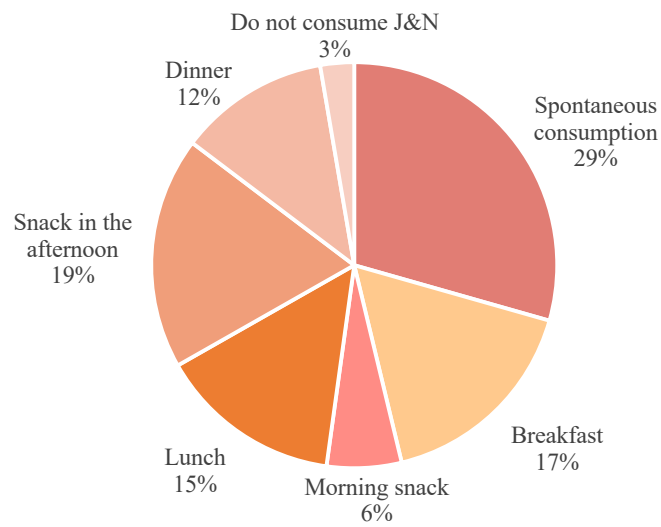


Exhibit 42 — Valued Attributes

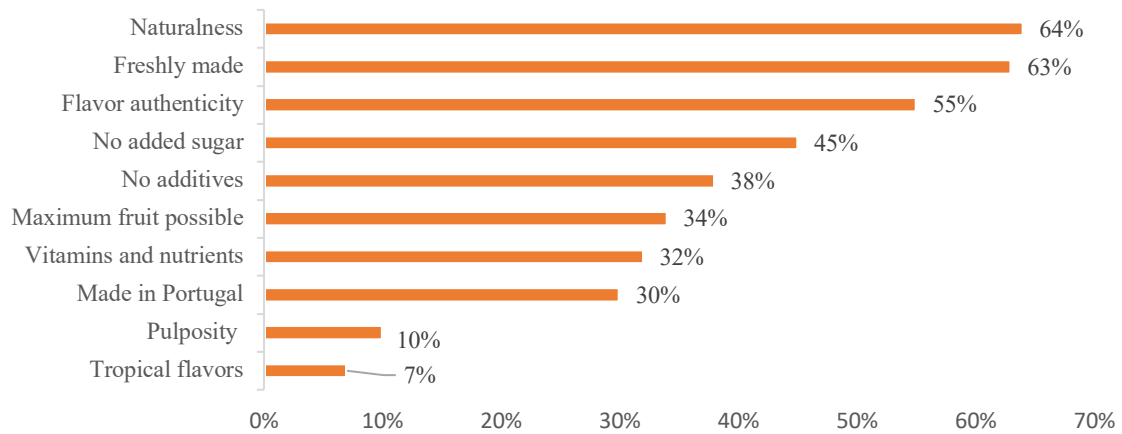


Exhibit 43 — Association technique

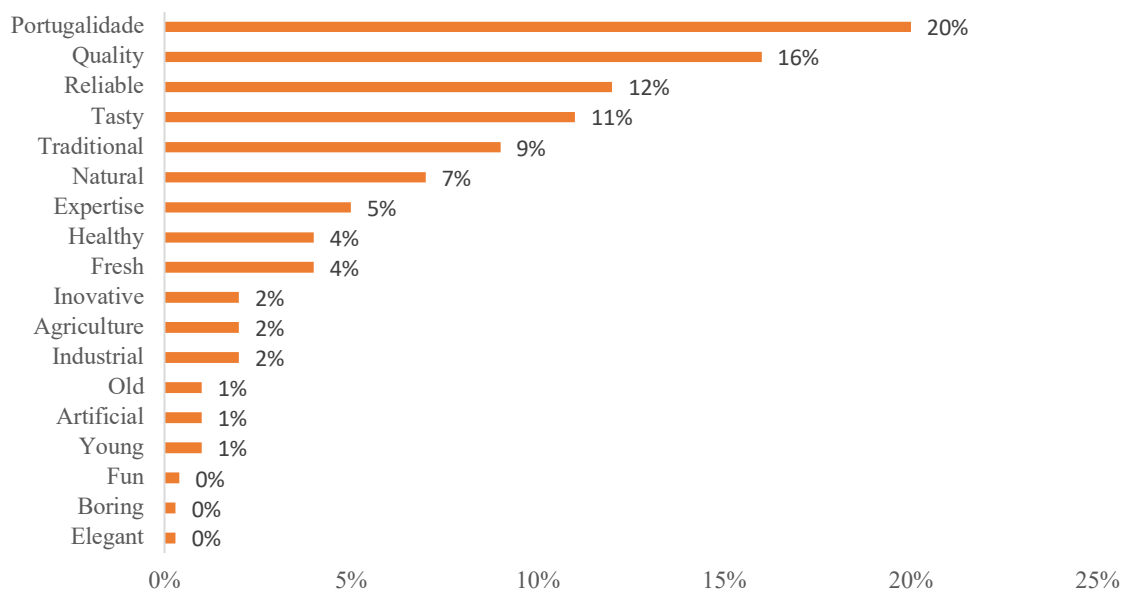


Exhibit 44 — The difference between a 100% juice and a nectar

Question	No	Yes	I do not know
A 100% juice is made with fruit and water	28.5%	60.4%	11.1%
A 100% juice have added sugar	51.3%	30.8%	17.9%
A 100% juice made only with fruit	38.7%	51.3%	10.0%
A nectar has water	18.1%	66.1%	15.8%
A nectar has more fruit than a 100% juice	45.7%	29.2%	25.1%

*The right answer is filled with green

Exhibit 45 — Testing *MyCompal*

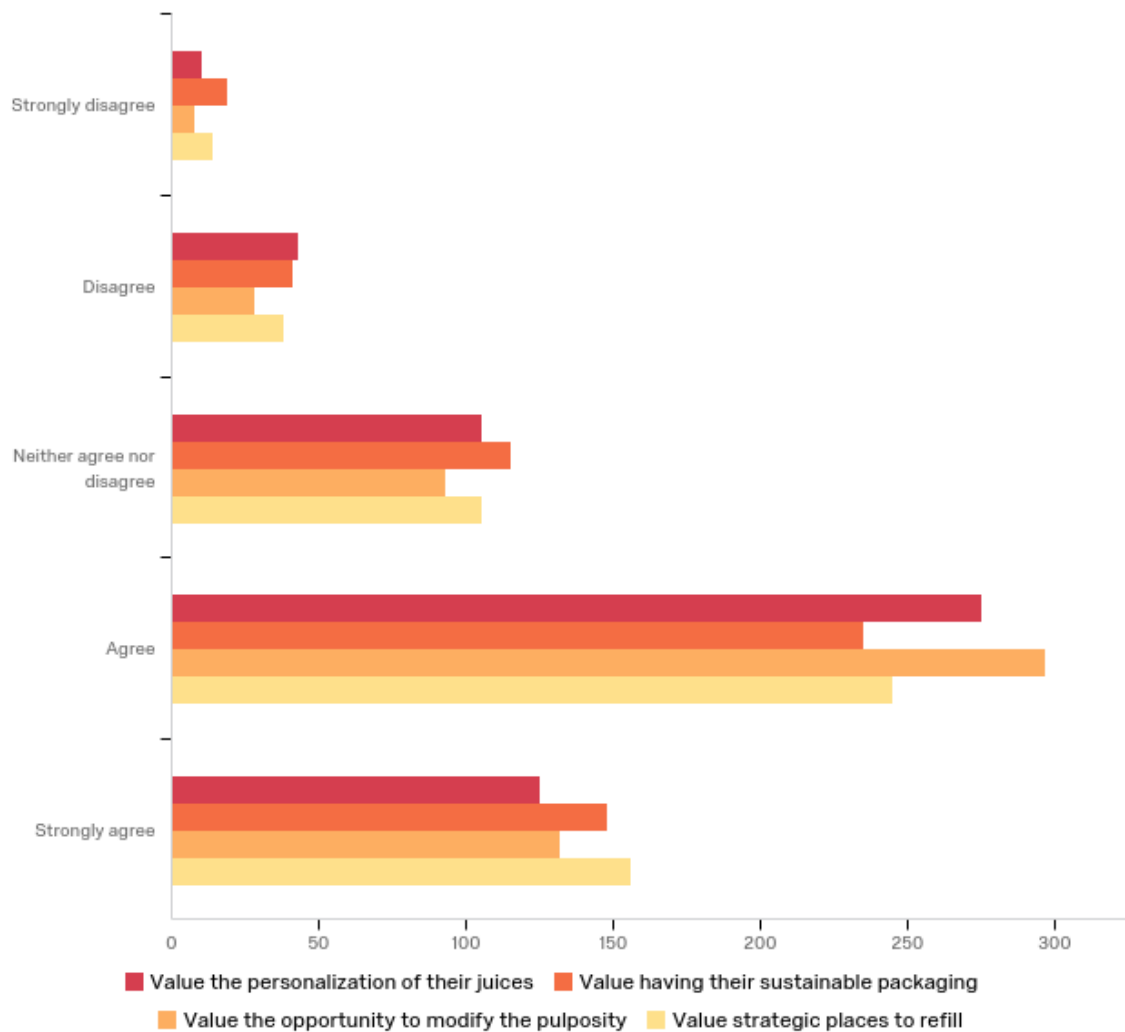


Exhibit 46 — Testing Compal *Summo do Dia*

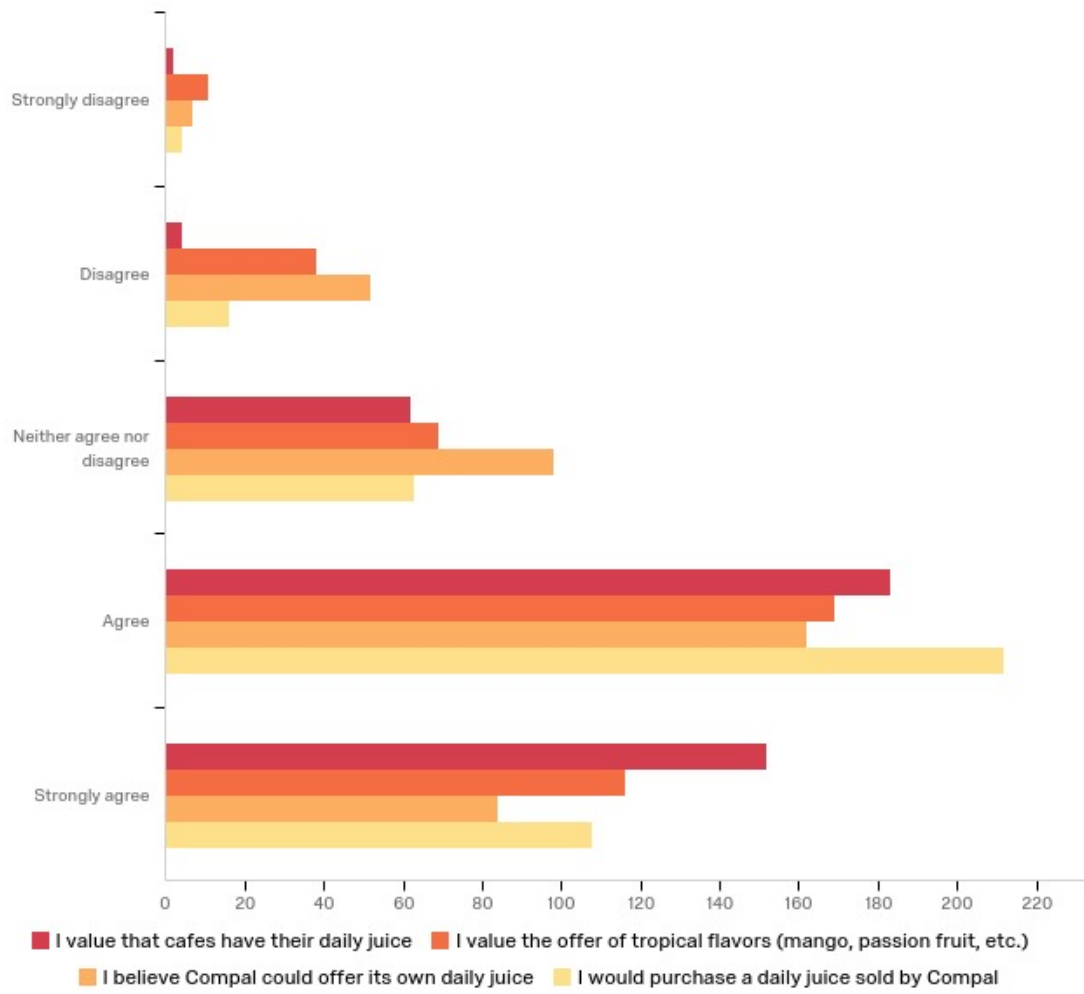


Exhibit 47 — Segments

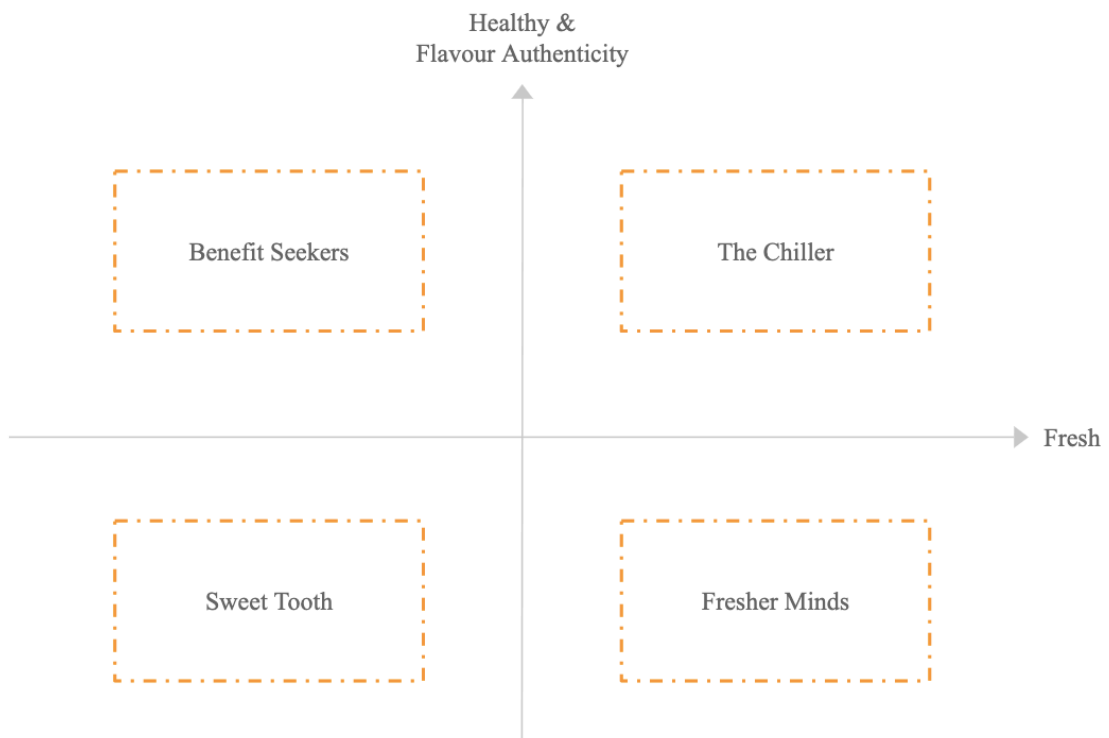


Exhibit 48 — Perceptual map with J&N and chilled juice brands



Exhibit 49 — Target characterization

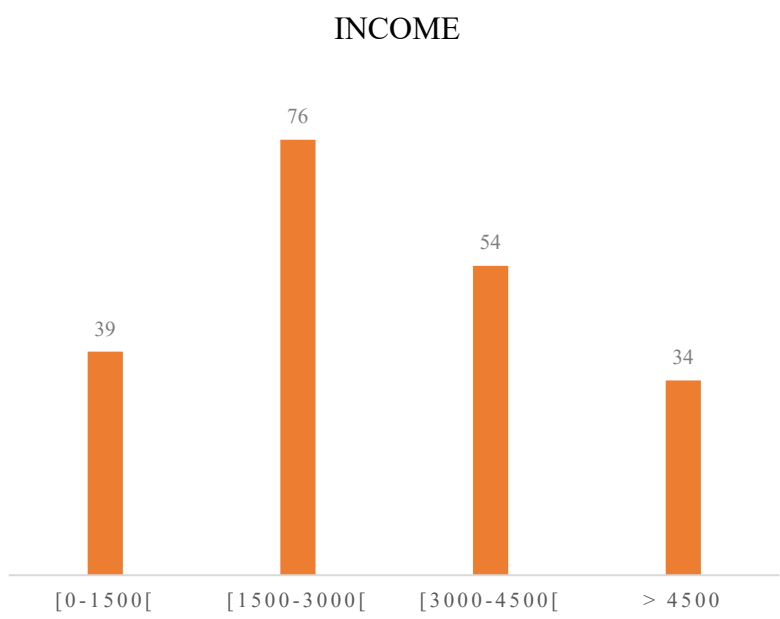
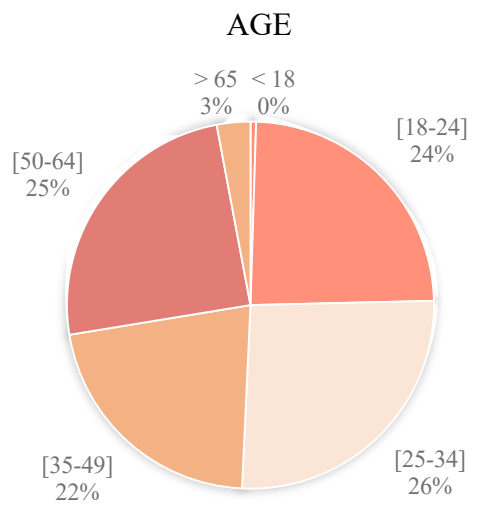
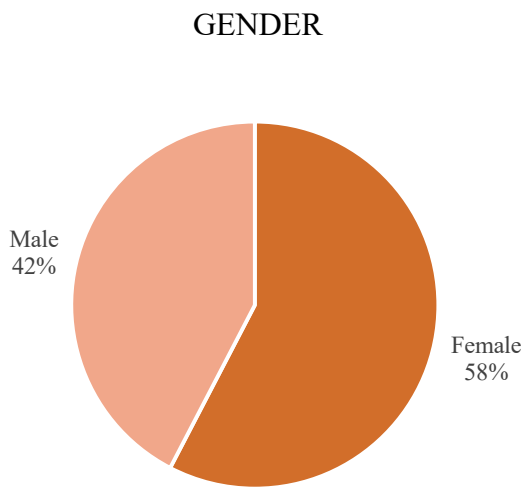


Exhibit 50 — Target’s occasions of consumption for both channels

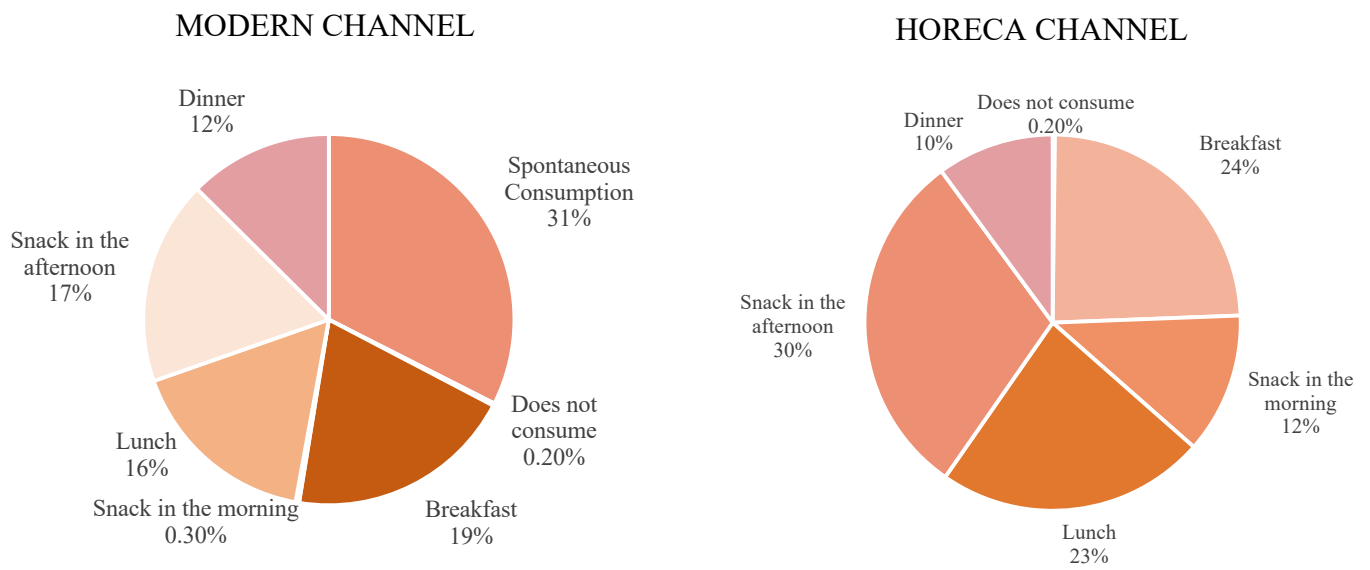


Exhibit 51 — Target’s occasions of consumption for homemade juices

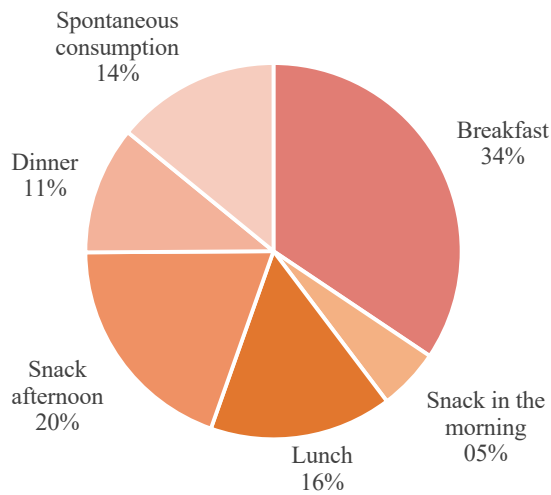


Exhibit 52 — Brand identity prism

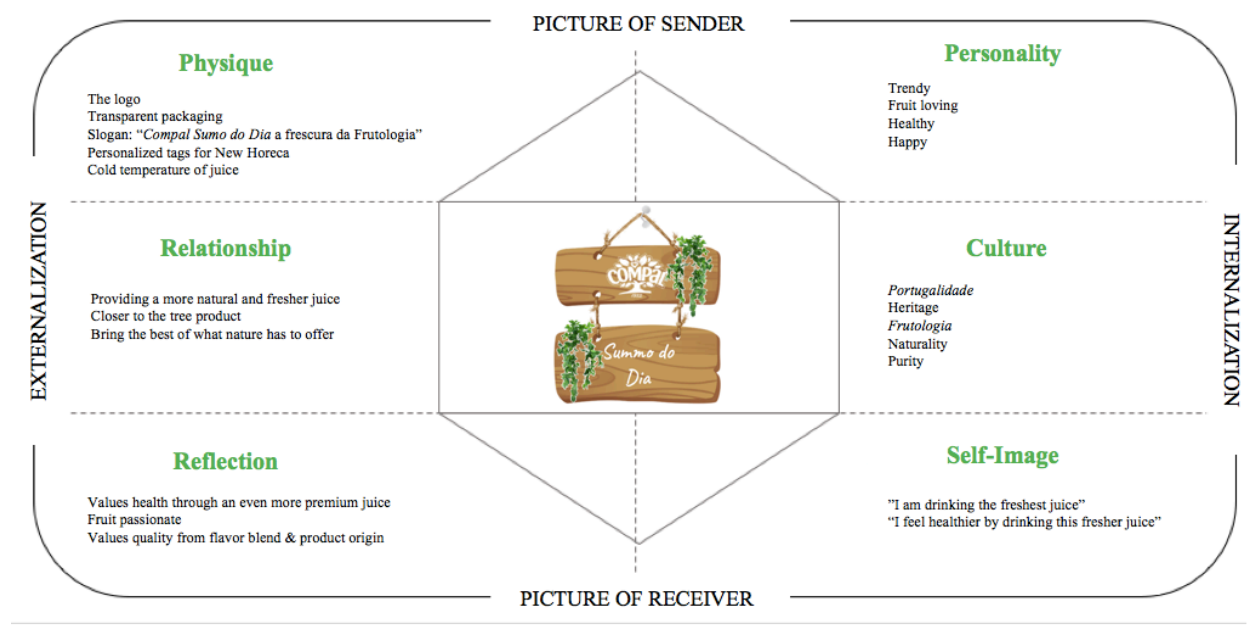


Exhibit 53 — Compal Summo do Dia logo



Exhibit 54 — Brand architecture



Source: Compal 2019

Exhibit 55 — Compal *Summo do Dia* flavors



Kiwi & Apple



Mango, Orange & Passion Fruit



Redberries, strawberries & banana

Exhibit 56 — Recyclable packaging



Exhibit 57 — Front of the modern package



Exhibit 58 — Back of the modern package



Exhibit 59 — Catchy phrases in modern channel

COMPAL *SUMMO DO DIA*, FRESCO COMO EU QUERIA

COMPAL *SUMMO DO DIA*, ERA MESMO O QUE ME APETECIA

Exhibit 60 — Front of the HORECA package



Exhibit 61 — Back of the HORECA package

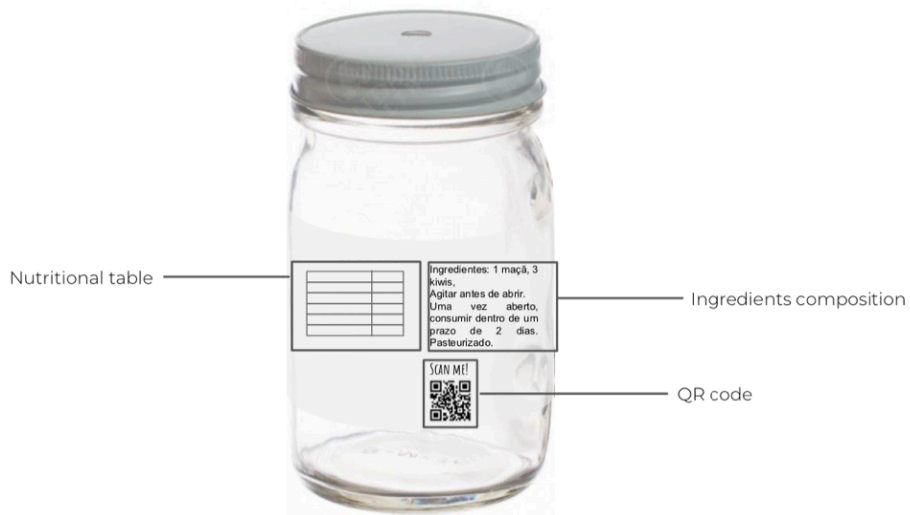


Exhibit 62 — Tags for new HORECA



Exhibit 63 — Compal *Summo do Dia* versus competitors' prices in the modern channel

Brands	Chilled Juice 250ml	Chilled Juice 750ml
Compal <i>Summo do Dia</i>	1.49€	3.49€
SoNatural	1.49€-1.75€	4.99€-5.99€
GoNatural	1.69€-1.99€	-
Innocent	1.99€	3.09€
Continente	1.29€-1.59€	2.79€-2.99€
Pingo Doce	0.79€-1.49€	1.69€
Andros	1.69€-1.99€	2.99€

*in euros

Source: Retailers' websites

Exhibit 64 — Price formation of Compal *Summo do Dia*

	Modern Channel		HORECA
	250ml	750ml	250ml
Final Consumer Price	1.49€	3.49€	2.60€
VAT	6%	6%	23%
Consumer Price Without VAT	1.41€	3.29€	2.11€
Retailer Margin (value)	45%	45%	50%
Compal Selling Price	0.77€	1.81€	1.06€
% Contribution Margin	61%	59%	67%
COGS	0.30€	0.74€	0.35€
Margin (value)	0.47€	1.07€	0.71€
(% Contribution Margin when accounting for discounts)	50%	45%	65%

Exhibit 65 — Total HORECA

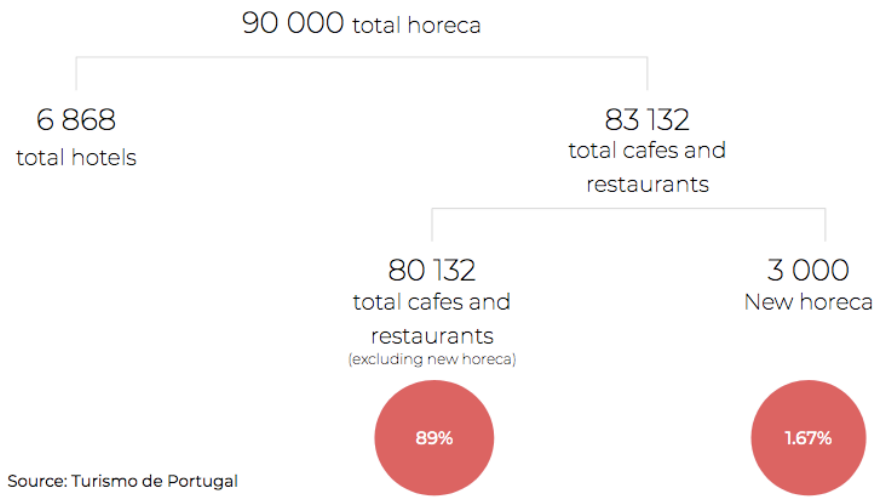


Exhibit 66 — Storyboard for the creative idea (modern channel)

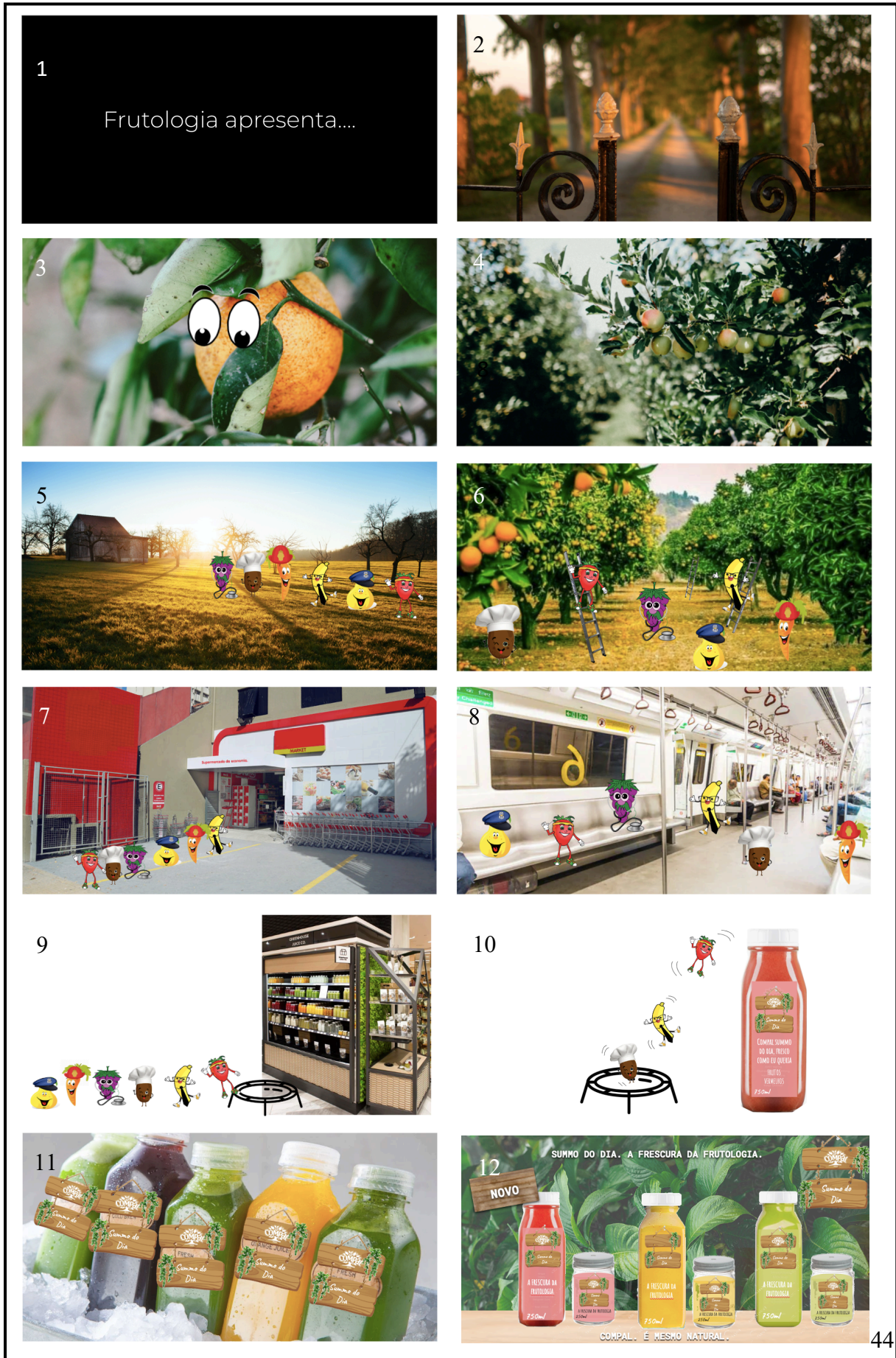


Exhibit 67 — Creative Brief for Compal *Summo do Dia*

1. *Consumer Perspective (Behavioral Sequence Model)*

DECISION STAGE	Need Arousal	Information Search & Evaluation	Purchase	Usage
WHO? (Roles)	Self-initiator; friends, family and marketing campaigns as influencers	Influenced by self & peers and marketing campaigns	Self-decider as a purchaser; possible partner or family member as decider or purchaser	Self or partner and family member as user
WHERE (Location)	In a cafe or in a supermarket	Compal’s website; Facebook page; online retailers; forums and blogs	In a cafe or in a supermarket	Anywhere
TIME (Time and timing)	Anytime	Right after the need arousal	In a cafe or in a supermarket	Immediately after the purchase or over the next few days
HOW (Decision process)	Need arises for drinking a healthy juice; The person is thirsty; The customer wants to drink something with his snack or meal; The customer feels like drinking fruit	Comparing 2 to 3 brands; Preference for flavor based on impulse; Talking with friends; Being affected by influencers	Impulsive purchase; Chooses the fresher and more natural juice; Social approval	Drinks a fresher and more natural juice; Pleasurable sensation and thirst reduction

Creative Target: consumers aged between 25 and 45 years old who are health-conscious and open to new experiences and flavors

Media: TV, Mupis, Billboards, Social Media and Display Banners, Destak, PR Event

Media Target: consumers aged between 25 and 45 years old

2. *Action objective*

Trial of Compal *Summo do Dia* (for OBSs, OBLs and NCU). Goal: achieve a market share of 15% in the modern channel and 1% in HORECA

3. *Communication objectives*

Category Need: Sell the category need to the consumers

Brand Awareness: Brand recall-boosted-recognition

Brand Attitude: Create brand attitude towards the new product

Brand Purchase Intention: Generate purchase intention

4. Positioning Statement for the Campaign

To all consumers aged between 25 and 45 years old who are health-conscious and open to new experiences and flavors (OBSs, OBLs and NCUs), Compal *Summo do Dia* is a differentiated brand of premium 100% fresh blended juices that offers the freshest blended juice.

The advertising should emphasize: Compal *Summo do Dia* delivers the freshest blend of Compal, providing a feeling of great satisfaction (b → e)

Key benefit: The freshest blended juice

Entry Ticket: Freshness

Tradeoff or omit: the pasteurization production process

5. Mandatory Content

The proximity to the tree

Slogan — Compal *Summo do Dia*, a frescura da *Frutologia*

Frutologia

Packshot with all flavors and packages available

Exhibit 68 — Floor stamps and fridge banners

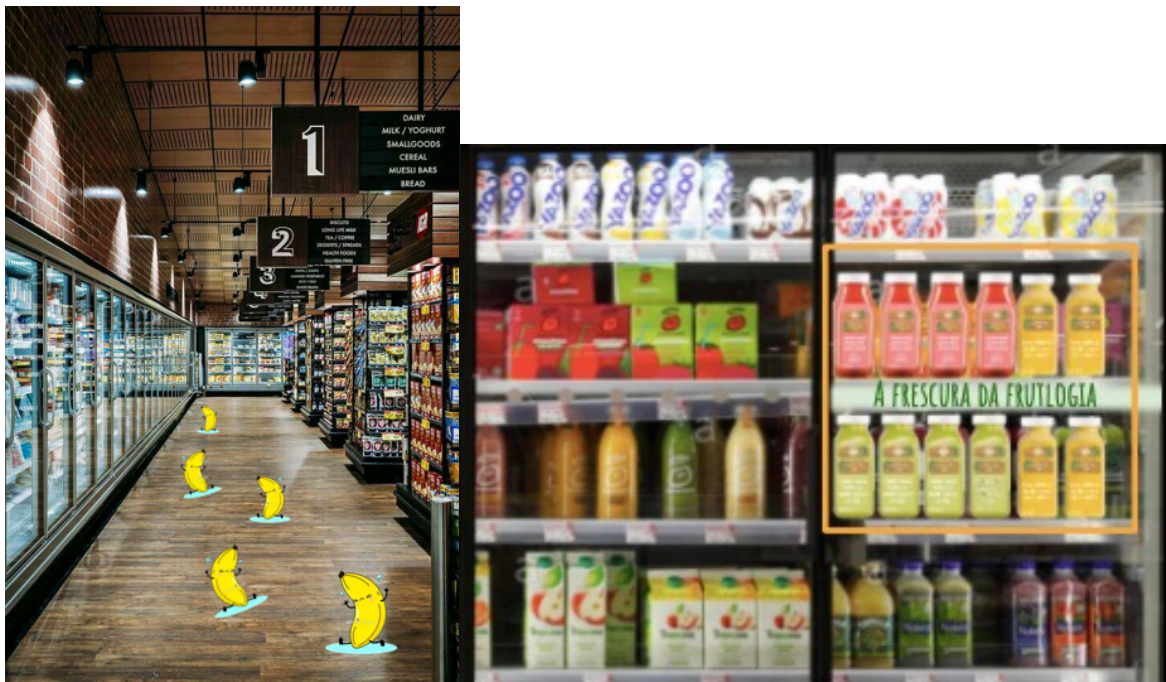


Exhibit 69 — Tree-shaped refrigerator and alarm banner



Exhibit 70 — Fridge stickers and price banners



Exhibit 71 — New HORECA trade incentives



i) paper straws



ii) trays



iii) napkin holders

Exhibit 72 — New HORECA refrigerator



Exhibit 73 — Sampling in supermarkets



Exhibit 74 — Sampling in beaches, urban and business areas



Exhibit 75 — Fruit ninja brand activation



Exhibit 76 — Ice cream rolls brand activation



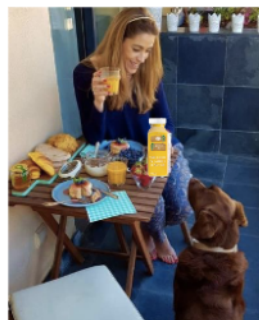
Exhibit 77 — Influencers in the PR event



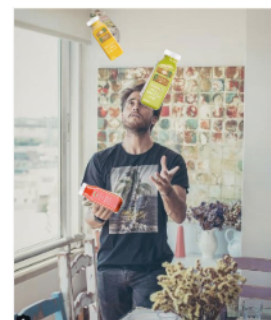
Carolina Patrocínio



Pedro Lima



Iara Rodrigues



Tiago Teotónio Pereira

Exhibit 78 — Promotions schedule

Promotions schedule and budget (€)				
Promotion type	Start date	End date	Cost	Description
1) Price				
New line fees	1-jan-2021	15-abr-2021	270 000	To be negotiated until product launch
Trade price-off	1-jan-2021	31-dez-2025	5% of sales	Throughout the whole period
Consumer price-off	1-jan-2021	31-dez-2025	20% on price to consumer	Throughout the whole period
2) Marketing				
Display material	15-abr-2021	15-jun-2021	33 000	To be used in future years as well (assuming they are reused)
Display material (2nd wave)	1-set-2022	1-nov-2022		
Trade incentives (horeca)	1-abr-2021	31-abr-2021	78 000	Only for the new horeca
Trade incentives (2nd wave)	1-jan-2022	31-jan-2022		
Sampling (Supermarket)	1-mai-2021	15-jun-2021	69 204,56	6 weekends from 11h-19h
Sampling (Urban and Business)	15-abr-2021	15-mai-2021		2 times per week [working days] from 8h-10h and 12h-14h
Sampling (Beach)	1-ago-2021	9-ago-2021		8 days from 15h-19h
Brand activation (Fruit Ninja)	1-jan-2021	31-dez-2021	56 200	12 Sundays per year
Brand activation (Ice cream)	15-mai-2021	15-ago-2021	0	Ice cream sale covers costs
PR event	16-mai-2021	-	40 000	Friday the 16th during the afternoon

Exhibit 79 — Advertising on TV



Exhibit 80 — Teaser outdoors



Exhibit 81 — Mupis for each cycle of advertising



Exhibit 82 — Social media

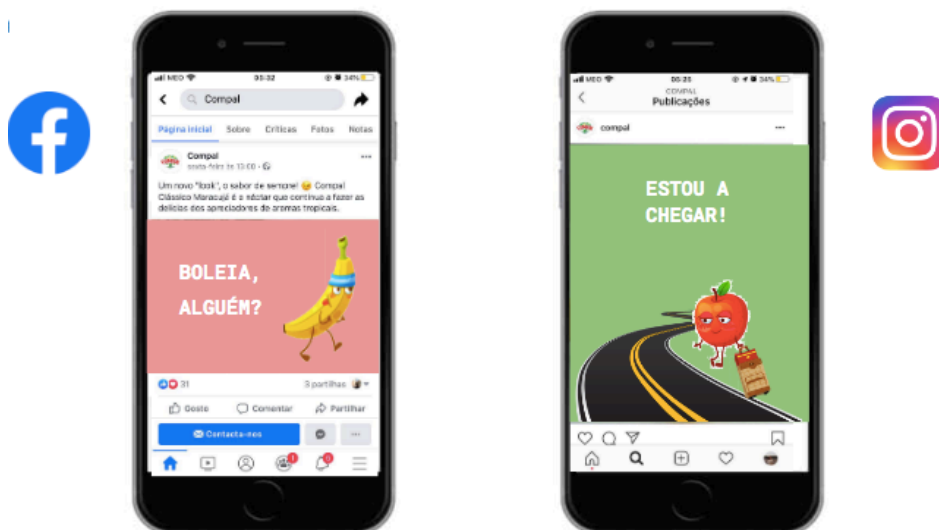


Exhibit 83 — Newspaper Destak



Exhibit 84 — Online banners display



Exhibit 85 — Media schedule

	2021											
	January	February	March	April	May	June	July	August	September	October	November	December
Negotiation with channels (Horeca and Modern)	Green bar											
Physical availability	Green bar											
Cycle I (Teaser Campaign)												
OOH - Outdoors				Orange bar								
Social Media												
Cycle II												
TV campaign												
Outdoors												
Social Media												
Destak												
Banners display												
Cycle III												
TV campaign												
Outdoors												
Social Media												
Destak												
Banners display												

Exhibit 86 — Media budget

		2020		2021	
MEDIA COSTS		Costs		Costs	Duration
Content Creation		€	80 000,00		-
CYCLE I (Teaser Campaign)	OOH	€	-	€ 45 520,00	2 weeks
	Muppis	€	-	€ 37 520,00	
	Billboards	€	-	€ 8 000,00	
	Social Media		-	98 278,71	2 weeks
	Instagram Sponsored	€	-	€ 65 085,24	
	Facebook Sponsored	€	-	€ 33 193,47	
Sub-Total			-	143 798,71	
CYCLE II	TV	€	-	€ 186 217,20	2 months
	OOH	€	-	€ 91 040,00	2 months
	Muppis	€	-	€ 75 040,00	
	Billboards	€	-	€ 16 000,00	
	Social Media		€0,00	€118 278,71	2 months
	Instagram Sponsored	€	-	€ 65 085,24	
	Facebook Sponsored	€	-	€ 33 193,47	
	Youtube Ad	€	-	€ 20 000,00	
	Destak		-	32 400,00	2 months
Banners display	€	-	€ 10 934,32	2 months	
Sub-Total			-	438 870,23	
CYCLE III	TV	€	-	€ 186 217,20	2 months
	OOH	€	-	€ 91 040,00	2 months
	Muppis	€	-	€ 75 040,00	
	Billboards	€	-	€ 16 000,00	
	Social Media		-	118 278,71	2 months
	Instagram Sponsored	€	-	€ 65 085,24	
	Facebook Sponsored	€	-	€ 33 193,47	
	Youtube Ad	€	-	€ 20 000,00	
	Destak		-	32 400,00	2 months
Banners display	€	-	€ 10 934,32	2 months	
Sub-Total			-	438 870,23	
Total Media			80 000,00	1 021 539,18	

Exhibit 87 — Saborista's web page in the teaser campaign



Exhibit 88 — Saborista's web page with a map

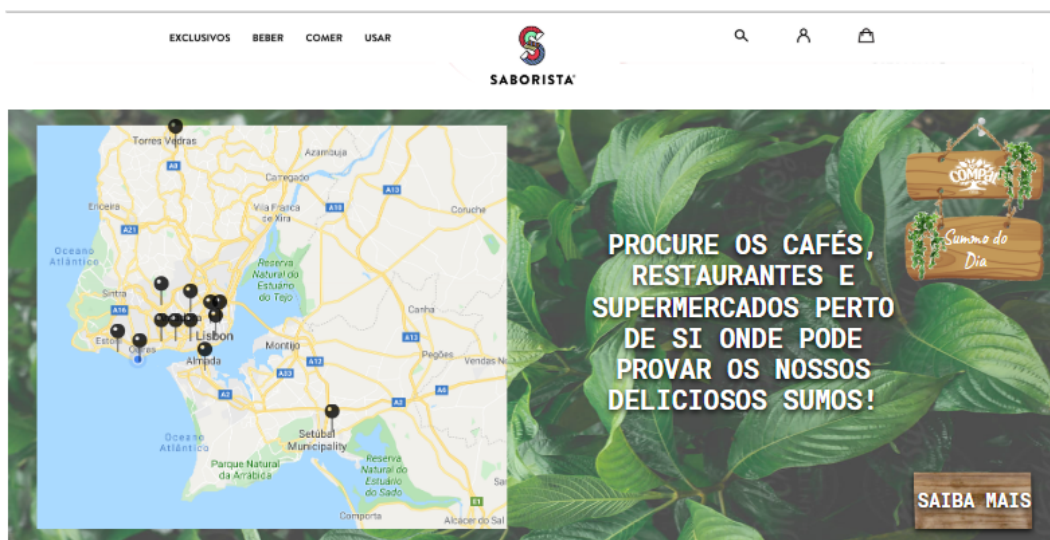


Exhibit 89 — Expected revenues for the modern channel

Sales Revenues		
Modern	Using Compal Summo Growth in volume and forecast for the next 5 years (Source: Nielsen)	
	Summo do Dia Final Consumer Price (250ML)	€ 1,49
	Summo do Dia Final Consumer Price without VAT (250ML)	€ 1,41
	Summo do Dia wholesale price to Modern (250ML)	€ 0,77
	Summo do dia Final Consumer Price (750ML)	€ 3,49
	Summo do Dia Final Consumer Price without VAT (750ML)	€ 3,29
	Summo do Dia wholesale price to Modern (750ML)	€ 1,81
	GR (in volume) of Compal Summo do Dia — modern channel — in the 1st year <i>Assumed to be the same as GR (in volume) of Compal summo in the modern channel (1st year)</i>	95,1%
	GR (in volume) — modern channel — in the 2nd year <i>Considering growth of the category, communications and brand's strength</i>	30,0%
	GR (in volume) — modern channel — in the following Years <i>GR of the category YTD October 2018 to YTD October 2019 (Nielsen 2019)</i>	10,0%
	Chilled Juice Market size (in volume) in 2018 <i>Assumed to be the sales of chilled juices in volume — modern channel — in 2018 (Nielsen 2019)</i>	5 615 890,00
	Desired Market share — modern channel <i>Based on Rossiter et al (2018) theory described in section 9.3.1</i>	15,0%
	Projected sales — modern channel — (in volume) in 2021: 1L Packaging <i>Chilled Juice Market size X Desired Market share</i>	842 383,50
	Assuming the same percentage sold between 250ml and 750ml in perpetuity	-
	Quantity of bottles sold: 750ML Packaging <i>It was assumed half of total sales in volume</i>	50,0%
Quantity of bottles sold: 250ML packaging <i>Considering half of total sales in volume</i>	50,0%	
Projected sales in Units - 2021 <i>(projected sales X % of bottles sold (750ML) / 0,75) + (projected sales X % of bottles sold (250ML) / 0,25)</i>	2 246 356,00	

Exhibit 90 — Expected revenues for the HORECA channel

Sales Revenues		
Horeca	Summo do dia Final Consumer Price	€ 2,60
	Summo do dia without VAT	€ 2,11
	Summo do dia wholesale price to Horeca	€ 1,06
	GR (in volume) horeca — Over the 5 years	5,0%
	Juice Market size in volume Horeca - 2018 <i>Assumed to be the sales of chilled juices+J&N in volume — horeca channel — in 2018 (Nielsen 2019)</i>	22 094 487,00
	Desired Market share — horeca channel <i>Assumed the same market share of Compal Summo: 1.7% in the first year</i>	1,7%
	Projected sales — horeca channel — (in liters) in 2021: 250ML Packaging	375 606,28
	Project sales in Units - 2021 <i>projected sales/0,25</i>	1 502 425,12

Exhibit 91 — Trade discounts, consumer discounts and trade promotions

Discounts	
New line fees per SKU — modern channel	€ 5 000,00
Number of retailers where Compal <i>Summo do Dia</i> will be commercialized <i>Sonae, Pingo Doce, Auchan, Dia, Intermarche, E.Leclerc, El Corte Inglés, Lidl, Aldi</i>	9
Number of SKUs — modern channel <i>3 flavors X 2 package sizes each</i>	6
Percentage of retailers with refrigerated areas <i>Assumed that from 1877 supermarkets, 70% offer chilled juices</i>	70,0%
Value for Price-Offs to the modern channel	5,0%
Value for Price-Offs to horeca channel	5,0%
Value for Price-Offs to Consumers <i>A 20% price-off is applied to the Final Consumer Price (excluding VAT) when the product is in promotion (Martins, Ana Rita 2019 Interview)</i>	20,0%
% of sales in value on promotion <i>40% of sales in volume result from promotions (Martins, Ana Rita Interview 2019). Since this is a premium product, a value of 20% was assumed</i>	20,0%

Exhibit 92 — TV expenses

Main assumptions for TV expenses		
TV	Prices for 20' according to RTP price table <i>(TVI media 2019)</i>	€ 67,72
	Prices for 30' according to RTP price table <i>(TVI media 2019)</i>	€ 109,53
	Prices for 45' according to RTP price table <i>(TVI media 2019)</i>	€ 166,58
	Prime time price = 2 X regular time price <i>(TVI media 2019)</i>	-
	Cable channels prices = 1/3 the national channels prices <i>(Freitas, Cristina 2019 Interview)</i>	-
	Discount of the total price for TV <i>(Freitas, Cristina 2019 Interview)</i>	70,0%

Cable and National channels' expenses per month					
		1st Month		2nd Month	
National channels	Regular time (6x)	30'	€ 197,15	20'	€ 121,90
	Prime time (4x)	30'	€ 262,87	20'	€ 162,53
		45'	€ 299,84	30'	€ 197,15
	TOTAL per channel per month		€ 22 796,10		€ 14 447,34
TOTAL for all channels		€ 68 388,30		€ 43 342,02	
Cable channels	Regular time (6x)	30'	€ 98,58	20'	€ 60,95
	Prime time (4x)	30'	€ 131,44	20'	€ 81,26
		45'	€ 149,92	30'	€ 98,58
	TOTAL per channel per month		€ 11 398,05		€ 7 223,67
TOTAL for all channels		€68 388,30		€ 43 342,02	

Exhibit 93 — Mupis and billboards expenses

Mupis

Cycle I — Teaser Campaign

Price per face	€	20,00
Number of weeks		2
Number of faces		938
Total costs for cycle I	€	37 520,00

Cycle II and III

Price per face	€	20,00
Number of weeks		16
Number of faces		469
Price per cycle	€	75 040,00
Total costs for cycles II and III	€	150 080,00

TOTAL COSTS 2021	€	187 600,00
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Billboards

Cycle I — Teaser Campaign

Price per face	€	100,00
Number of weeks		2
Number of faces		40
Total costs for cycle I	€	8 000,00

Cycle II and III

Price per face	€	100,00
Number of weeks		16
Number of faces		20
Price per cycle	€	16 000,00
Total costs for cycles II and III	€	32 000,00

TOTAL COSTS 2021	€	40 000,00
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Exhibit 94 — Instagram and Facebook expenses

	Facebook	Instagram
Cost per click (CPC)	€ 0,17	€ 0,50
Teaser Campaign		
Clicks	195 256	130 170
CPM	33 193	65 085
Cycle I		
Clicks	195 256	130 170
CPM	33 193	65 085
Cycle II		
Clicks	195 256	130 170
CPM	33 193	65 085
TOTAL	€ 99 580,42	€ 195 255,72

Exhibit 95 — YouTube expenses

Youtube	
Cost per view	€ 0,20
Cycle I	
Views	100 000
CPV	20 000
Cycle II	
Views	100 000
CPV	20 000
TOTAL	€ 40 000,00

Exhibit 96 — Banner displays expenses

Display Banners	
Cost per 1000 impressions (CPM)	€ 2,80
Cycle I	
Impressions	3 905 114
CPM	10 934
Cycle II	
Impressions	3 905 114
CPM	10 934
TOTAL	€ 21 868,64

Exhibit 97 — Destak expenses

Destak	Destak: Weekdays per cycle II and III <i>Assuming 1 day per week, 4 weeks per month and a duration of 2 months per cycle</i>	8
	Daily price for 1 pages <i>Assuming a discount of 60% (Freitas, Cristina 2019 Interview)</i>	€ 7 800
	Daily price for 1/2 page <i>Assuming a discount of 60% (Freitas, Cristina 2019 Interview)</i>	€ 5 000
	Daily price for 1/4 page <i>Assuming a discount of 60% (Freitas, Cristina 2019 Interview)</i>	€ 3 100
	Each type of ad (1/2 or 1/4) will be used 50% of time	50%

Exhibit 98 — Display materials

Display Material	# supermarkets for display materials <i>All Sonae, Pingo Doce and Auchan supermarkets</i>	74
	Display material: content creation expenses (creation, design, and materials necessary to produce the displays) <i>Annual negotiations with retailers allow for display materials with no costs associated for display ads; the value is paid once and the materials are reused throughout the cycles</i>	€ 20 000,00
	Costs of tree-shaped refrigerator including personalization <i>(Martins, Ana Rita 2019 Interview)</i>	€ 500,00

Supermarkets	Number of supermarkets
Continente Hyper	41
Pingo Doce Hyper	9
Auchan Jumbo	24
	74
Possible combinations of display materials	% of supermarkets that will use each combination
Floor stamps + fridge banners	35%
Tree-shaped + banners for alarms	10%
Fridge + price banners	55%
Costs with display materials	% of supermarkets that will use each combination
Costs for 7 tree-shaped refrigerators	€3 700,00
Content creation	€20 000,00
TOTAL	€23 700,00

Exhibit 99 — Trade incentives

Trade incentives	# Cafes in Portugal <i>(Martins, Ana Rita 2019 Interview)</i>	30 000
	# New horeca in Portugal <i>Assumed 10% of # cafes in Portugal with 50% penetration</i>	1 500
	Price per straw	€ 0,02
	Straws per new horeca	100
	Price per wooden tray	€ 10,00
	Production price for Compal per large tray <i>Assumed 1/4 of the final price</i>	€ 2,50
	Large tray per new horeca	1
	Production price for Compal per individual tray <i>Assumed 1/4 of the final price</i>	€ 1,25
	Individual tray per new horeca	2
	Price per wooden napkin-holder	€ 10,00
	Production price for Compal per napkin-holder <i>Assumed 1/4 of the final price</i>	€ 2,50
	Deliever 5 napkin-holders per café	5
	Considering 1 refrigerator per new horeca (1,500) with a cost of 200€ for each (including personalization)	€ 300 000,00

Exhibit 100 — Sampling expenses

In supermarket		TOTAL COST SAMPLING € 65 344,29	
During cycle II			
Number of sampling per day in 40ml cups			200
Number of ml			8000
Quantity of bottles per day			11
Number of days			12
Costs			
Costs of products	€		3 227,10
Costs of personnel	€		40 800,00
		€	44 027,10
In business areas			
During cycle II			
Quantity of bottles per day			1 600
Number of days			8
Costs of products	€		9 491,46
Costs of personnel	€		3 200,00
		€	12 691,46
In beaches			
During cycle II			
Quantity of bottles per day			200
Number of days			8
Costs of products	€		4 745,73
Costs of personnel	€		800,00
TOTAL	€		5 545,73
Other costs			
Trolley Car (to store the packages)	€		2 680,00
Personalization	€		400,00
TOTAL	€		3 080,00

Exhibit 101 — Fruit Ninja brand activation

Fruit Ninja Brand Activation	Fruit Ninja: # places (Festival comida Continente and Avenida da Liberdade)		2	
	Fruit Ninja: Prize — 1 summo do dia (included in costs of logistics)		-	
	Fruit Ninja: Costs with inflatable fruits given to participants	€		0,85
	Fruit Ninja: # inflatable fruits for Continente festival			4000
	Fruit Ninja: collaboration with PlayStation (includes developing the game, content creation, logistics and all costs divided equally)	€		50 000,00
	Fruit Ninja: # promoters per activation			2
	Fruit Ninja: days for activation — Festival comida Continente (2) + Liberdade (12 sundays per year)			14
	Fruit Ninja: hours per day			8
	Cost per hour per promoter	€		12,50

Fruit Ninja — Continente Festival / Av. Liberdade		
Costs (logistics, partnership and materials)	€	53 400,00
Costs personnel	€	2 800,00
	€	56 200,00

Exhibit 102 — Ice Cream Rolls

Ice Cream Rolls Brand Activation	Ice Cream Rolls: Price for movable cart <i>575€ for the movable cart + 60€ for metal plate + 100€ personalization</i>	€ 735,00
	Ice Cream Rolls: # days for activation	90
	Ice Cream Rolls: # locations (Baixa Chiado)	1
	Ice Cream Rolls: salary per hour for 1 employee	€ 6,00
	Ice Cream Rolls: # employees	1
	Ice Cream Rolls: # hours for employees per day (between 2pm and 9pm)	8
	Ice Cream Rolls: license for selling in historical areas per month <i>Montijo: 20€ per license; Lisbon: assumed to be 5 times more expensive</i>	€ 300,00
	Ice Cream Rolls: material for ice creams (using Summo do Dia, milk and toppings)	3
	Ice Cream Rolls: # bottles for Summo do Dia (assuming 5 bottles (750ML per day))	450
	Ice Cream Rolls: # bottles for milk (assuming 5 bottles per day)	450
	Ice Cream Rolls: costs with bottles of Summo do Dia (COGS of 750ML)	€ 0,74
	Ice Cream Rolls: price of bottles of milk	€ 0,51
	Ice Cream Rolls: price of toppings per day	€ 5,00

Ice Cream Rolls — Expenses		
Trolley Car costs	€	735,00
Costs personnel	€	4 320,00
Costs for material	€	1 013,18
Other cost (license per month)	€	300,00
	€	6 368,18

Ice Cream Rolls — Revenues		
Number of units sold per day		40
Unit selling price	€	2,00
	€	7 200,00

Exhibit 103 — Cannibalization

Cannibalization	
Market shifting towards Compal Summo in % <i>(Nielsen 2018)</i>	54%
Market Share Compal in value in 2018 <i>(Nielsen 2019)</i>	72,50%
Cannibalization of Summo within Compal sub-brands <i>Assuming a cannibalization of Summo within Compal's sub-brands proportional to the market share</i>	39,15%
Assuming 1/3 of Compal Summo cannibalization due to being a new category where Compal is not currently present	13,05%

Exhibit 104 — Personal expenses

PERSONNEL EXPENSES		
FACTORY	The monthly salary for each factory worker <i>(Pordata 2019)</i>	€ 950,00
	Compal sub-brands produced in Almeirim factory <i>Sub-brands considered: Classico, da Horta, Origens, Summo, Vital, Veggie, Familia, Essencial</i>	8
	Compal Summo do dia / total produced sub-brands ratio: (1/9)	0,11
	# workers in the Almeirim factory <i>Its is assumed no additional factory workers will be hired for Compal Summo do Dia production</i>	250
	It is assumed that employees dedicate the same amount of time for every product	-
	Monthly Salary for Compal Summo do Dia factory workers <i>monthly salary X compal summo do dia ratio X # workers in the factory</i>	26 388,89
	Social security of employees is 23.75% <i>(Segurança social 2019)</i>	23,75%
ADMINISTRATIVE	The monthly salary for each employee <i>It is assumed more employees will be hired to work on summo do dia</i>	€ 1 400,00
	Compal Summo do dia / total produced sub-brands ratio: (1/9)	0,11
	# of administrative workers <i>It assumed that employees dedicate equally distributed time to each sub-brand</i>	35
	Monthly Salary for Summo do dia administrative workers <i>monthly salary X compal summo do dia ratio X # administrative workers</i>	€ 5 444,44
	Administrative workers social security per month <i>Social security of employees is 23.75% (Segurança social 2019)</i>	€ 1 293,06
	Assuming employees start working on Compal Summo do Dia one year before as it requires development and research	-
Salesforce	Compal's salesforce will have no additional costs in negotiations with retailers since they just have to add the new product to their current routes and negotiations	-
	Average salary growth <i>(Trading Economics 2019)</i>	2,50%
	Salesforce training and deploying per employee <i>Assuming the cost for sales training per employee</i>	€ 200,00
	# Salesforce staff <i>Assuming salesforce only require training and deployment in the first year</i>	300
	Insurance expenses for each employee <i>Assuming the insurance = 1% X monthly salary; applies to factory and administrative workers</i>	1%

Exhibit 105 — Warehousing

Warehouse	
Renting expenses with cold storage equipment (500m ²) for the factory <i>It was assumed 5€/m² (imovirtual 2019); the value includes electricity expenses.</i>	€2 500,00
Investment will start in October 2020 as the production will start in 2021	-
Costs with cold storage equipment in 2020 (3 months) <i>Equipment should be operational before starting the production in 2021</i>	€7 500,00
Costs with cold storage equipment per year (from 2021 to 2025)	€30 000,00

Exhibit 106 — P&L

Year	0.35																	
	0			1			2			3			4			5		
	2020	2021		2022		2023		2024		2025		2026		2027		2028		
	HORICA	MODERN	TOTAL	HORICA	MODERN	TOTAL	HORICA	MODERN	TOTAL	HORICA	MODERN	TOTAL	HORICA	MODERN	TOTAL	HORICA	MODERN	TOTAL
Sales Revenue	€ -	€ 2,319,468,533	€ 4,310,881,881	€ 2,090,248,594	€ 4,526,233,522	€ 6,616,482,746	€ 2,194,761,139	€ 5,884,103,537	€ 8,078,864,596	€ 2,304,499,746	€ 6,472,513,093	€ 8,777,013,339	€ 2,419,724,443	€ 7,119,765,333	€ 9,539,489,716	€ -	€ -	€ -
Trade Discounts	€ -	€ 385,973,443	€ 485,509,099	€ 104,512,445	€ 226,311,088	€ 409,943,215	€ 109,738,007	€ 294,205,118	€ 409,943,215	€ 115,224,937	€ 323,625,700	€ 438,850,677	€ 120,986,622	€ 286,099,750	€ 407,085,977	€ -	€ -	€ -
Consumer discounts	€ -	€ 168,888,622	€ 168,888,622	€ -	€ 329,380,622	€ 329,380,622	€ -	€ 427,934,811	€ 427,934,811	€ -	€ 470,728,290	€ 470,728,290	€ -	€ 517,801,111	€ 517,801,111	€ -	€ -	€ -
Net Sales Revenue	€ -	€ 1,891,177,614	€ 3,655,884,100	€ 1,985,736,149	€ 3,970,741,222	€ 5,956,477,722	€ 2,085,023,332	€ 5,161,963,519	€ 7,867,486,991	€ 2,189,274,809	€ 5,678,159,950	€ 7,867,486,991	€ 2,298,738,211	€ 6,315,864,466	€ 8,614,602,677	€ -	€ -	€ -
Gross Profit	€ -	€ 1,229,265,455	€ 844,845,939	€ 2,073,811,441	€ 1,290,728,722	€ 2,174,935,932	€ 1,385,365,161	€ 2,827,416,659	€ 4,182,681,850	€ 1,423,028,622	€ 3,110,156,360	€ 4,533,386,778	€ 1,494,179,884	€ 3,491,062,711	€ 4,985,242,555	€ -	€ -	€ -
Gross Margin %	-	65.00%	47.85%	65.00%	54.77%	36.74%	65.00%	54.77%	52.94%	65.00%	54.77%	51.74%	65.00%	55.27%	58.11%	-	-	-
Advertising	€ -	€ 80,000.00	€ 1,021,839,218	€ -	€ 639,729,217	€ -	€ 232,139,011	€ -	€ 75,659,911	€ -	€ 75,659,911	€ -	€ -	€ -	€ 24,669,779	€ -	€ -	€ -
Trade Promotion	€ -	€ -	€ 362,950,000	€ -	€ 218,958,522	€ -	€ 80,205,900	€ -	€ 26,141,111	€ -	€ 26,141,111	€ -	€ -	€ -	€ 853,611	€ -	€ -	€ -
Consumer Promotion	€ -	€ -	€ 65,344,229	€ -	€ 40,837,444	€ -	€ 14,849,112	€ -	€ 4,839,700	€ -	€ 4,839,700	€ -	€ -	€ -	€ 15,778,004	€ -	€ -	€ -
Brand activation costs	€ -	€ -	€ 40,000,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
PR Event	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Marketing Costs	€ -	€ 80,000.00	€ 1,536,832,477	€ -	€ 839,225,213	€ -	€ 327,194,021	€ -	€ 106,640,711	€ -	€ 106,640,711	€ -	€ -	€ -	€ 34,771,444	€ -	€ -	€ -
(Marketing Budget)	€ -	€ -	€ 1,939,981,281	€ -	€ 899,225,133	€ -	€ 327,194,021	€ -	€ 327,194,021	€ -	€ 327,194,021	€ -	€ -	€ -	€ 34,771,444	€ -	€ -	€ -
Combinational effect	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Personnel expenses	€ -	€ 155,087,222	€ 568,346,335	€ -	€ 572,905,011	€ -	€ 586,612,633	€ -	€ 601,277,950	€ -	€ 601,277,950	€ -	€ -	€ -	€ 616,309,930	€ -	€ -	€ -
Warehouse equipment (renting)	€ -	€ 7,500,000	€ 30,000,000	€ -	€ 30,000,000	€ -	€ 30,000,000	€ -	€ 30,000,000	€ -	€ 30,000,000	€ -	€ -	€ -	€ 30,000,000	€ -	€ -	€ -
R&D	€ -	€ 59,181,000	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Total Operating Costs	€ -	€ 301,768,222	€ 2,686,882,455	€ -	€ 2,398,981,110	€ -	€ 1,998,098,554	€ -	€ 1,883,318,911	€ -	€ 1,883,318,911	€ -	€ -	€ -	€ 1,925,984,775	€ -	€ -	€ -
EBITDA	€ -	€ 301,768,222	€ 613,047,111	€ -	€ 1,106,883,554	€ -	€ 2,184,589,311	€ -	€ 2,184,589,311	€ -	€ 2,184,589,311	€ -	€ -	€ -	€ 3,092,257,800	€ -	€ -	€ -
Depreciation	€ -	€ 301,768,222	€ 100,000,000	€ -	€ 100,000,000	€ -	€ 100,000,000	€ -	€ 100,000,000	€ -	€ 100,000,000	€ -	€ -	€ -	€ 100,000,000	€ -	€ -	€ -
EBIT	€ -	€ -	€ 713,047,111	€ -	€ 1,006,883,554	€ -	€ 2,084,589,311	€ -	€ 2,084,589,311	€ -	€ 2,084,589,311	€ -	€ -	€ -	€ 2,992,257,800	€ -	€ -	€ -
Accumulated losses	€ -	€ -	€ 1,014,815,233	€ -	€ 302,005,006	€ -	€ 63,421,006	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Corporate tax	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Depreciation	€ -	€ 301,768,222	€ 713,047,111	€ -	€ 943,862,488	€ -	€ 437,762,500	€ -	€ 437,762,500	€ -	€ 437,762,500	€ -	€ -	€ -	€ 621,444,114	€ -	€ -	€ -
NORAT (Profit After Taxes)	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ 2,014,956,622	€ -	€ -	€ 2,337,833,666
Operating CF	€ -	€ 301,768,222	€ 613,047,111	€ -	€ 1,043,862,488	€ -	€ 1,746,820,811	€ -	€ 1,746,820,811	€ -	€ 1,746,820,811	€ -	€ -	€ -	€ 2,114,956,622	€ -	€ -	€ 2,487,813,666
CAPEX	€ -	€ 301,768,222	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Net Income (FCF)	€ -	€ 802,060,644	€ 613,047,111	€ -	€ 1,043,862,488	€ -	€ 1,746,820,811	€ -	€ 1,746,820,811	€ -	€ 1,746,820,811	€ -	€ -	€ -	€ 2,114,956,622	€ -	€ -	€ 2,487,813,666
Discounted CF	€ -	€ -	€ 578,386,233	€ -	€ 928,899,899	€ -	€ 1,466,664,444	€ -	€ 1,674,799,337	€ -	€ 1,674,799,337	€ -	€ -	€ -	€ 1,821,561,000	€ -	€ -	€ 1,821,561,000
Accumulated Discount CF	€ -	€ 802,060,644	€ 1,301,406,937	€ -	€ 451,907,088	€ -	€ 1,014,757,366	€ -	€ 1,014,757,366	€ -	€ 1,014,757,366	€ -	€ -	€ -	€ 4,511,131,773	€ -	€ -	€ -

Exhibit 107 — Scenario analysis

Scenario Summary	Current Values	Pessimistic	Expected	Optimistic
Changing Cells:				
Market Share in modern channel	15,0%	10,0%	15,0%	20,0%
Market Share in HORECA channel	1,7%	1,2%	1,7%	2,2%
COGS 250ml modern channel	€ 0,30	€ 0,35	€ 0,30	€ 0,25
COGS 750ml modern channel	€ 0,74	€ 0,79	€ 0,74	€ 0,69
COGS 250ml HORECA channel	€ 0,35	€ 0,40	€ 0,35	€ 0,30
Cannibalization	13%	18%	13%	8%
Result Cells:				
NPV	€ 4 511 137,73	€ 1 074 755,08	€ 4 511 137,73	€ 8 811 364,94
Payback Period	2,21	3,80	2,21	2,45
ROI	53%	26%	53%	72%
Profitability Index	6,62	2,34	6,62	11,99

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”:
PRODUCT AND PRICING FOR COMPAL *SUMMO DO DIA***

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The purpose of this report is to elaborate on the theoretical background evolving product and pricing decisions, which will then be applied to Compal *Summo do Dia*.

1. Product

Product is the first element of the marketing mix. It is responsible for creating value to the consumer as it delivers the actual solution to the consumer's problem through its benefits. Promotion and place, although crucial to the development of the marketing mix, play a supporting role to product. (Dolan 2015)

To develop the product, the firm should first take into consideration the aspirational decision of what it aims to achieve. This decision is previously defined, and it demonstrates how the firm wishes to position itself in consumers' minds. Taking this into account, the firm moves into the action plan — marketing mix — starting with the product. (Dolan 2015)

1.1 Product considerations

It is important to define what are the different product policy decisions a firm must make to develop its product mix — the range of all products a specific firm offers (Kotler and Keller, 2016). There are three key decisions that should be taken into account in product policy. Firstly, the firm should define its product mix breadth — the number and diversity of product lines. Afterward, the company assesses its product line depth — the number of items each product line contains. Lastly, decisions regarding item design are made to define design specifications of the item itself (Exhibit 1). When it comes to the introduction of a new product to the product mix, the firm may opt for adding a new product line or increasing the number of items within a line. (Dolan 2015)

Regarding product mix decisions, firms must assess if there is an economic opportunity from expanding into a new product line, which may or may not be linked to the existing resources and capabilities of the firm. Nonetheless, the company may attain greater benefit if the new product can leverage from the firm's current business. As a matter of fact, this connection can happen whether: i) the new business generates profits that will negatively correlate with the profit stream of the current

businesses, minimizing the overall risk of the business; ii) the new product leverages a crucial asset that underlies the current product mix of the company; or iii) the new business taps into a complementary product that allows the company to cross-sell its current offer. Finally, it is important for the firm to assess the advantages and consider the risks of embracing a new product line, as it may have a negative impact on the overall product mix. (Dolan 2015)

The firm can also make decisions at the product line level. These decisions are related to whether or not the company should introduce a new item into the current line range to diversify the offer and increase customer satisfaction. There are different reasons for a firm to increase its product line. The company may be aiming to up-sell, by introducing a more premium product that allows for an upgrade from the entry product. Conversely, the firm may attempt to induce cross-selling by introducing a complementary product. Lastly, the company may try to protect itself from economic ups and downs, by introducing products that cover all market segments. Generally, the product line depth increases as the company aims at increasing its market share and market growth. (Kotler and Keller, 2016)

There are different strategies a firm may employ to introduce a new item to an existing line. Upward stretching requires the firm to add a higher-priced product with superior performance that fulfills the needs for the more demanding customers. Downward stretching is the opposite move, by introducing lower-priced products that are still able to fulfill the basic features of the product line. It is important to have in mind that a firm may still try to embrace both upward and downward strategies at the same time. The last strategy, line filling, relates to the introduction of more products within the current range of the product line in order to fill possible gaps that may exist between two items. (Dolan 2015)

The last step of product policy decisions happens at the individual level of the item itself and its specifications. To deliver superior customer value, different levels of product should be considered (Exhibit 2). Firstly, the firm must define the generic product it is offering, referring to the basic features of the product that constitute the entry ticket to the category (Dolan 2015). Nevertheless, Kotler and

Keller (2016) suggest that the generic product can be divided into core product — the benefit that the product is truly delivering — and the basic product — the transformation of the core product into a basic product. The second level is the expected product, which refers to the expectations the consumer places in a product from within a specific category (Dolan 2015). Thirdly, the augmented product is where the firm is able to surpass consumer's expectations by delivering extra value-enhancing attributes. Within this step, it could be helpful to define the entire customer experience to evaluate where the firm might encounter an opportunity (Dolan 2015). Finally, the potential product englobes the different possible augmentations that the product might undertake, as a way to find new ways of delivering customer value (Kotler and Keller, 2016).

Defining product levels is important as it helps companies to achieve different levels of differentiation, mainly at the augmented product level. Firms may seek differentiation in various ways. This englobes aspects concerning form, features, performance and conformance quality, durability, reliability, repairability, style, customization, and design (Exhibit 3). (Kotler and Keller, 2016)

Applying the same product policy decisions to Compal *Summo do Dia*, it is possible to draw some conclusions. As Compal will be entering a new product category — the chilled juice category — a new product line will be added to the current brand portfolio. Conversely to what Compal is already doing, the new product will be placed in the chilled area of the supermarket instead.

The line will be composed by three different items that vary in accordance with flavor: kiwi and apple; mango, orange and passion fruit; redberries, strawberries and bananas. Each flavor will be sold in different sizes that might vary between both channels. In the modern channel, Compal *Summo do Dia* will be sold in bottles of 250ml or 750ml, whereas in HORECA it will only be sold in 250ml packaging. (Trindade *et al.* 2020)

To enhance value creation, the four different levels of product must be considered (Exhibit 2). As the generic product, Compal *Summo do Dia* offers a chilled juice. Within this category, the expected

product features involve healthiness, freshness, taste, nutritious level and premium juice. In order to surpass expectations and deliver greater value to the consumer, within the augmented product level, Compal *Summo do Dia* offers a Portuguese-made juice with superior flavor authenticity due to Compal's *Frutologia*, with a sustainable packaging complemented with catchy phrases. Finally, in what concerns the potential product, Compal *Summo do Dia* will introduce in its product line superfoods, as ginger or spirulina, delivering more functional benefits. (Trindade *et al.*, 2020)

1.2 Packaging

Another important aspect that concerns the product is the packing. Indeed, this element has become increasingly relevant as it is the first encounter the consumer has with the product. Factors as self-service, consumer affluence, company and brand image and innovation opportunity have contributed to its increased importance. Packaging must fulfill different objectives. It should help identifying the brand, deliver important information, facilitate and protect the product throughout transportation, aid storage at home and assist with product usage. (Kotler and Keller, 2016)

To achieve the aforementioned objectives, the firm must take into account functional and aesthetic components. Regarding the former, the package should represent an extension of other marketing mix elements as pricing and promotion (Kotler and Keller, 2016). On the other hand, “aesthetic considerations relate to a package’s size and shape, material, color, text, and graphics” (Kotler and Keller, 2016, 413).

In terms of Compal *Summo do Dia*'s packaging, the product will be showcased in different formats. Within the modern channel, recyclable packaging is used in order to provide the transparency of packaging consumers are demanding, according to primary research. The front of the package will display the logo, slogan, the flavor and the net quantity of the juice (Exhibit 4), whereas the back will showcase the nutritional table, ingredients composition, QR code and a catchy phrase to enhance customer value (Exhibit 5). Regarding the HORECA channel, Compal *Summo do Dia* will be sold in a small trendy jar, made of glass, similarly to what Compal already offers in this channel. Also, it will

maintain the iconic “popping sound” when opening the bottle. The packaging will have in upfront the logo, slogan and quantity of juice (Exhibit 6), while in the back it will display a nutritional table, ingredient compositions and QR code (Exhibit 7). Finally, to facilitate the entrance into the new HORECA, the product will be even further personalized with tags that contain adaptable Portuguese sayings and the logo from the establishment (Exhibit 8). (Trindade *et al.*, 2020)

2. Pricing

Price is the monetary amount a firm charges for its product or service and constitutes the “sum of all the values that customers give up to gain benefits of having or using a product or service” (Kotler and Armstrong, 2011). Furthermore, price influences the demanded quantity and defines the surplus of revenue a firm is able to achieve, to cover its costs of operating in the market (O’Shaughnessy, 1995). Pricing becomes a crucial part of the marketing mix as it reflects the positioning of its products and its value proposition (Kotler and Keller, 2016).

As a matter of fact, while with the other three elements of the marketing mix — product, place and promotion — firms are able to create value for consumers, with price firms “attempt to capture some of the value in the profit it earns” (Nagle and Müller, 2018, 1). Consequently, price is responsible for generating the firm's revenues, whereas the remaining three entail expenses (Kotler and Keller, 2016). Hence, with all this in mind, marketers must integrate price as part of the strategy to achieve superior and sustainable profitability (Nagle and Müller, 2018).

2.1 Pricing Approaches

There are different approaches a firm may follow in what regards pricing decisions. These approaches are cost-based pricing, competition-based pricing or value-based pricing (Nagle and Müller, 2018).

Cost-based pricing is the approach that dominates in the market (Dolan and Gourville, 2014). This method consists of a cost-orientation procedure that sets prices based on cost of production, allowing the firm to have a rate of return for its business (Nagle and Müller, 2018). This particular

approach is popular due to the straightforwardness of the pricing process. Costs of production are, to some extent, fairly easy to calculate, and the approach is simple to explain and justify to the different stakeholders (Dolan and Gourville, 2014). Nonetheless, this approach has flaws as “in most industries, it is impossible to determine a product’s unit cost before determining its price” (Nagle and Müller, 2018, 4). This is due to the fact that the unit cost is affected by the volume the firm sells that, in turn, affects the amount of fixed costs allocated to each unit sold. Hence, although this approach is widely used, it should be avoided in pricing decisions as it fails to take into consideration the needs and requirements of the customer (Nagle and Müller, 2018). Thus, it will not be applied to *Compal Summo do Dia*.

The second approach, competition-based pricing, turns its attention to the competitive landscape, by allowing its price to be dictated by this environment. Thus, pricing becomes a tool to increase the firm’s market share, in value (Nagle and Müller, 2018). The firm prices its offer by comparing it with the competitor’s offering in terms of the value produced to the customer (Kotler and Armstrong, 2011). Nonetheless, even though this approach has data readily available (Hinterhuber, 2008), it has flaws as, sometimes, cutting prices to match competitor’s pricing is not the most effective way to attain sales objectives, since it forgoes long-term margins (Nagle and Müller, 2018). Hence, this approach will not be applied to *Compal Summo do Dia*.

The third and last approach is value-based pricing, which is a customer-oriented method. It consists of focusing on the economic value that the firm is creating to the consumer and, afterwards, implementing a set of processes that aim to capture a share of that same value to the company. There are three key inputs that are critical to a value-based pricing approach, which constitute the pricing thermometer (Exhibit 9). First, a firm should assess the True Economic Value (TEV) of the product, which matches the value that a fully informed consumer would place on the offering. It is important to bear in mind that different customers have different needs and, therefore, will obtain different TEVs. Secondly, the PV (Perceived Value) reflects how the consumer perceives the features or

benefits the product offers and how relevant they are for the consumer. As a result, the PV is often lower than the TEV. Nevertheless, marketing has the potential to influence the PV and bringing it closer to the TEV. Finally, the firm's COGS (Cost of Goods Sold) is the last input to the thermometer, which sets the price floor. Having this in mind, the firm should set the price somewhere below the PV, which reflects the consumer's incentive to buy the product, and above COGS, that represents the firm's incentive to sell. Hence, this approach takes into account customer's perspective and willingness to pay, which will bring long-term profitability for the firm. (Dolan and Gourville, 2014) Having this into consideration, it is possible to conclude that the value-based pricing is the best suited for *Compal Summo do Dia*.

By using the data collected through qualitative and quantitative research, it is possible to understand what are the main customer insights that drive consumer value, in order to incorporate it in the development of the product. Namely, insights as freshly made is better, healthy and flavour authenticity were accounted for, which led to the development of a product that excels in turning these customer insights into customer value, increasing the value placed on the product (Trindade *et al.*, 2020).

2.2 Pricing Strategies

Setting the price can become a complex process as different areas within the company may argue on which is the best way to set the price. Whereas financial managers are concerned with covering production costs and attain high margins to create return on investments, marketing managers look for ways to draw prices down in order to achieve their sales objectives. In order to overcome this issue, both areas should be aligned into delivering the best customer value and ensuring the maximum value extraction in monetary terms (Nagle and Müller, 2018). As a result, Nagle & Müller (2018) elaborate on a five-step process for setting the price.

Firstly, the firm should define the viable range for pricing its offering, which englobes, as price ceiling, the product's value proposition and, as price floor, the costs of production. The closer the price

is to the product's value proposition, the lower the incentive for the consumer to purchase it, despite the higher the incentive for the firm to sell it (Nagle and Müller, 2018).

Secondly, the firm must make strategic choices. From this step, the company chooses its pricing strategy that will then dictate how it will set the price. There are three strategic paths for choosing a pricing strategy. The company may opt for practicing a skimming pricing strategy, that "is designed to capture superior margins, even at the expense of large sales volume" (Nagle and Müller, 2018, 138). This strategy consists of higher prices when compared to different offers in the market and to what most buyers are usually willing to pay, allowing a firm to achieve superior profitability. Nonetheless, this strategy requires a substantial investment from the company to communicate why the offer delivers a superior value to the consumer, to justify the higher price (Nagle and Müller, 2018).

A different strategy the firm may adopt is penetration pricing. This strategy consists of penetrating the market with lower prices than competitors, allowing to rapidly increase the market share, in volume (Nagle and Müller, 2018) and it can also be accompanied by heavy promotions (O'Shaughnessy, 1995). This strategy is more attractive when incremental costs correspond to a small percentage of the price which, in turn, is translated into high contribution margins for each unit sold (Nagle and Müller, 2018).

The last strategy is the neutral market pricing. In this strategy, pricing role is minimized by firms as a marketing tool to compete in the market. Instead, firms focus on other aspects of the marketing mix to differentiate their products and gain market share. Nonetheless, price can be the highest or even the lowest in the market, just not the tool to gain market share. It is most common to apply such strategy when consumers are more price sensitive, as they are reluctant to higher prices, and competitors are defensive of volume (Nagle and Müller, 2018).

The third step of setting the price concerns assessing breakeven sales changes, in which a company must evaluate the relationship between price, volume and profitability in order to assure that

fixed costs are covered (Nagle and Müller, 2018).

The following step, the fourth one, gauges the price elasticity. It is important to assess how the breakeven sales change has an implication on profitability, as a lower sales volume may require a higher price (Nagle and Müller, 2018).

The last stage accounts for psychological factors that influence each consumer's price sensitivity. These factors might include: i) the reference value that is subjective in the mind of consumers; ii) easiness in comparison, as price sensitivity increases when comparing prices is a simple task; iii) price-quality perceptions, since the price is an indicator of the product's quality and iv) perceived fairness, as price sensitivity increases if prices step out of what is the perceived price range. Further factors are included in Exhibit 10. (Nagle and Müller, 2018)

When it comes to *Compal Summo do Dia*, a neutral strategy was chosen in order to set the price. In fact, Compal, the mother brand, tries to minimize price as a marketing tool, by finding new ways to innovate its portfolio and deliver increased value with regards to its consumers. Nonetheless, consumers are price sensitive and, ultimately, the final competition occurs at price level. (Trindade *et al.*, 2020). Hence, the same strategy was applied to *Compal Summo do Dia*. Consumers' price sensitivity exists as consumers have a reference value in their mind as well as a perceived fairness range, at least for the consumers that are already in the category. Moreover, price sensitivity increases as there is a broad assortment of products, facilitating the process of comparing prices (Trindade *et al.*, 2020). Hence, with all this in mind, the pricing strategy must establish a price that allows Compal to compete in other ways of differentiation.

Therefore, considering the customer insights gathered, the quality that Compal is able to deliver and how competition in the market are pricing their products (Exhibit 11), the final price was depicted. Regarding the modern channel, the small bottle of 250ml was priced at 1.49€, whereas the bigger one of 750ml was priced at 3.49€. Contrarily, the 250ml bottle in HORECA was priced at 2.60€. Having this calculated, it is now possible to define the maximum unitary COGS will Compal incur with each

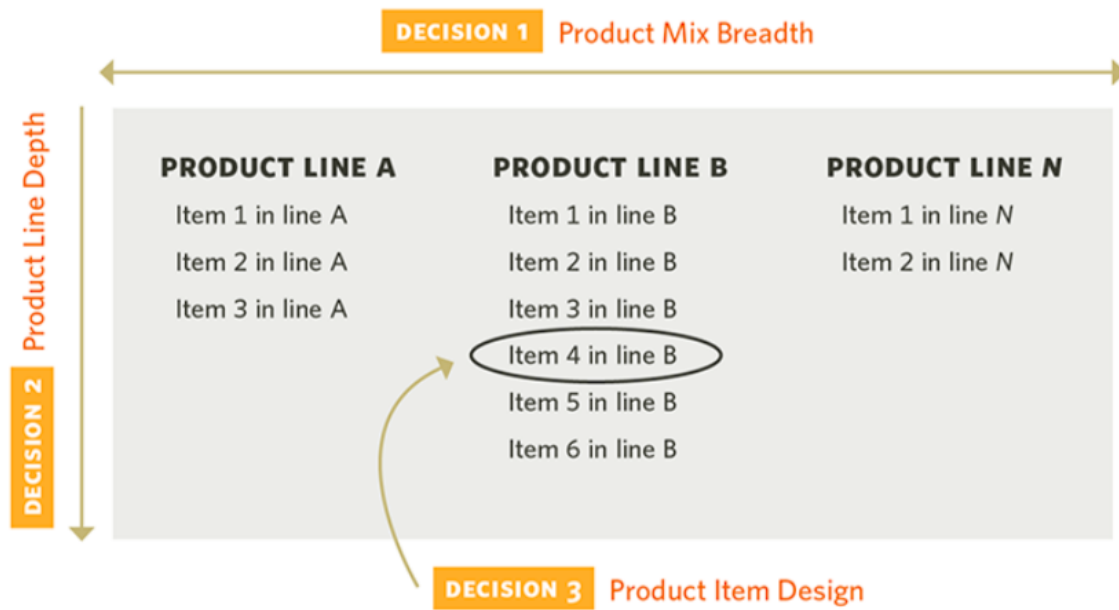
package of Compal *Summo do Dia* (Exhibit 12). Thus, by deducting a VAT of 6% for the modern and 23% for the HORECA, and, afterward, the respective margins that each channel requires — 45% in the modern channel and 50% in HORECA (Martins, Ana Rita 2019 Interview) — the wholesale price of Compal was obtained. Afterward, as Compal presents logistics vertically integrated into its supply chain, distribution margins are not deducted from the contribution margin of Compal. To conclude, Compal’s contribution margins must be deducted from its selling price. Compal’s average contribution margin within both channels — including price promotions — is, approximately, 55% (Martins, Ana Rita 2019 Interview). To compute the maximum COGS, contribution margins that exclude discounts had to be considered. It was assumed a 45% in the 750ml package, 50% in the 250ml package for the modern channel, and 65% in the HORECA channel. To conclude, the maximum COGS were reached: in the modern channel, 250ml accounts for 0.30€, value that reaches 0.74 for the 750ml bottle and 0.35€ for the HORECA (Trindade *et al.*, 2019).

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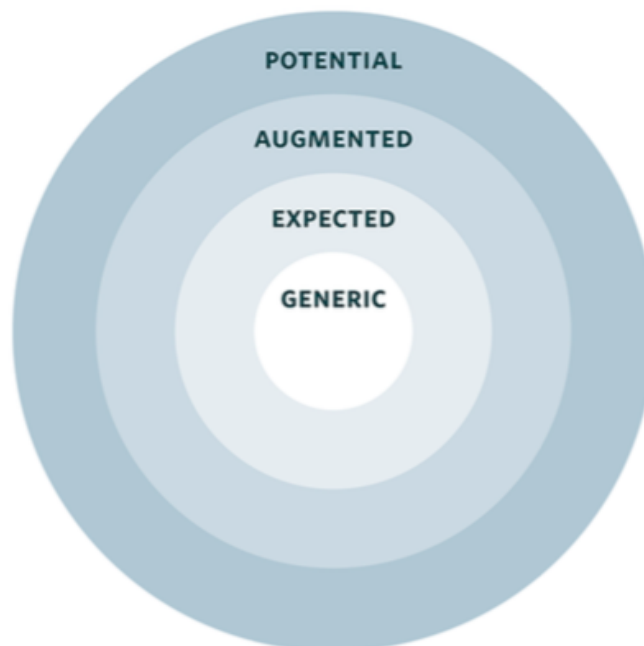
Appendices

Exhibit 1 — Product policy decisions



Source: Dolan, 2015

Exhibit 2 — Product levels



Source: Dolan, 2015

Exhibit 3 — Differentiation factors

Factors	Explanation
Form	Size, shape, physical structure
Features	Supplement product’s basic features, which must create more value to the consumer than cost for the company
Performance Quality	Performance levels of primary characteristics — low, average, high or superior
Conformance Quality	Degree to which each unit produced matches what is expected from the company
Durability	Expected lifetime of the product
Reliability	Probability of product malfunction within a certain period of time
Repairability	Regards the easiness of repairing a product when it fails
Style	The product’s look and feel to the consumer
Customization	Deliver customized products
Design	Total features that constitute the look, feel and functions of the product to the consumer

Source: Kotler and Keller, 2016

Exhibit 4 — Front of the modern package



Exhibit 5 — Back of the modern package



Exhibit 6 — Front of the HORECA package



Exhibit 7 — Back of the HORECA package

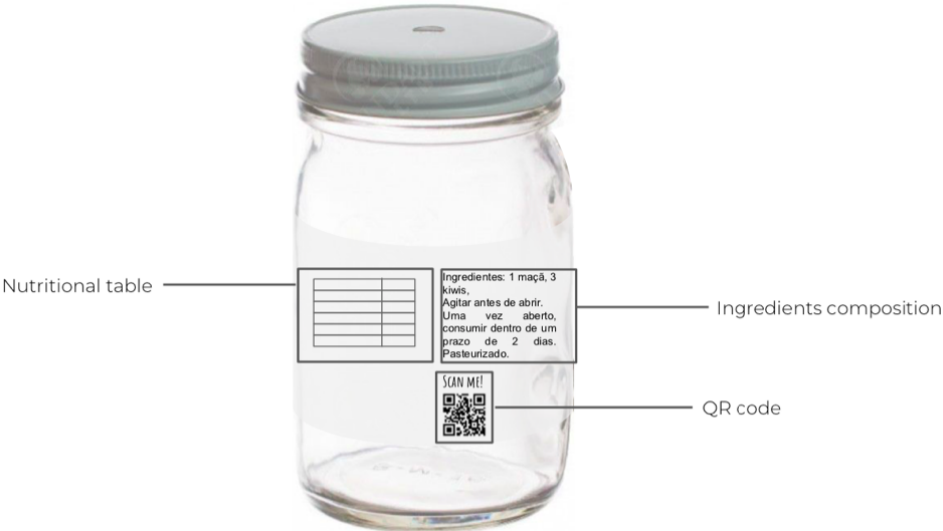
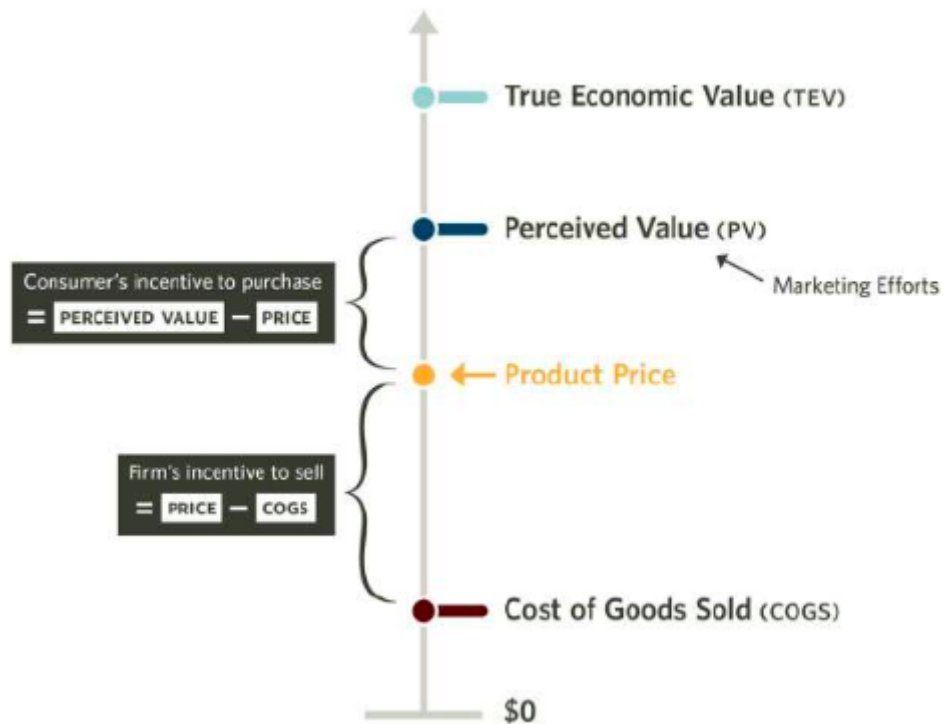


Exhibit 8 — Tags for new HORECA



Exhibit 9 — Pricing thermometer



Source: Dolan and Gourville, 2014

Exhibit 10 — Other psychological factors influencing price sensitivity (Nagle and Müller, 2018)

Switching costs	Buyers are less price sensitive as the costs of changing supplier increase
Importance of end-benefit	Buyers are less price sensitive as the product represents a small cost within a benefit with high economic or psychological influence
Size of expenditure	Buyers are less price sensitive as the product's expenses represents a small portion of the overall budget
Shared costs	Buyers are less price sensitive as part or all of the purchase price is shared by others
Transaction value	Buyers are motivated by the "transaction utility" that is obtained from the difference of what the consumer perceives as a fair offer for the product

Exhibit 11 — Competitors' prices

Brands	Chilled Juice 250ml	Chilled Juice 750ml
So Natural	1.49-1.75	4.99-5.99
Go Natural	1.69-1.99	-
Innocent	1.99	3.09
Continente	1.29-1.59	2.79-2.99
Pingo Doce	0.79-1.49	1.69
Andros	1.69-1.99	2.99

Source: Retailers' websites

Exhibit 12 — Price of Compal *Summo do Dia*

	Modern Channel		HORECA
	250ml	750ml	250ml
Final Consumer Price	1.49€	3.49€	2.60€
VAT	6%	6%	23%
Consumer Price Without VAT	1.41€	3.29€	2.11€
Retailer Margin (value)	45%	45%	50%
Compal Selling Price	0.77€	1.81€	1.06€
% Contribution Margin	61%	59%	67%
COGS	0.30€	0.74€	0.35€
Margin (value)	0.47€	1.07€	0.71€
(% Contribution Margin when accounting for discounts)	50%	45%	65%