

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.

Report B – Recommendations to Nestlé's Ground, Bean and Instant Coffee Brands for At-Home Consumption

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A Project carried out on the Master in Management Program, under the supervision of:

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Abstract:

The Coffee Market, both worldwide and in Portugal, has been changing in the past few decades. Digital platforms influence the way consumers make their decisions towards coffee. This influence is perceptible through the analysis of the Consumer Decision Journey model by McKinsey, which allows understanding the digital touchpoints involved in the decision-making process of the Portuguese coffee consumers. Nestlé is the coffee market leader in Portugal having a vast portfolio of brands operating either in the at-home and out-of-home markets. In this Work Project, extensive research based on primary and secondary techniques permitted to have a more comprehensive analysis of the digital relevance within the Portuguese coffee category. The insights collected made it possible to identify the untapped potential of each stage of the decision journey and build recommendations to tackle them. Report B focuses on recommendations for the Nestlé ground, bean, and instant coffee brands for at-home consumption (AHC). Report A and Report C focus on recommendations for the remaining Nestlé's coffee brands.

Keywords: Brand Management, Digital, Coffee, Consumer Behaviour, Consumer Decision Journey, Nestlé

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5.B Recommendations to Nestle's Ground and Instant Coffee Brands for AHC

This report aims at developing a digital strategy for Nestlé's ground, bean, and instant coffee brands, that operate in the at-home market: Buondi, Sical, Nescafé and Starbucks At Home. According to the quantitative survey, from the respondents that consume coffee at home, only 4.5% consume exclusively soluble coffee, while 10.5% consider it as their first choice among other consumed types. Secondly, regarding ground coffee, 4.4% of at-home consumers, drink it exclusively, while 3.6% consumes other types of coffee but consider the ground as their favourite. Lastly, considering bean coffee, only 3.1% drink it exclusively, and 1.1% consider it as their first option among other consumed types of coffee. (Appendix C.3, Report A).

Table 8 in Report A shows that ground, bean, and instant coffee brands from Nestlé face a set of digital and non-digital issues along the Consumer Decision Journey (CDJ). This report focuses on firstly, understanding the digital touchpoints between coffee brands and Portuguese coffee consumers. Secondly, the opportunities that each brand has to tackle will be analysed as well as their untapped potential along the decision-making process. Lastly, the opportunities found will be developed into a set of recommendations for these brands digital strategies to reach consumers at the most critical moments of CDJ. It is crucial to state that not all recommendations are exclusively digital. Brands' digital presence and campaigns should always be balanced with traditional advertising, such as television because it is still one of the most effective channels. Only through the integration of both online and offline, brands strategy can be implemented. Tables B1 to B5, below, present the recommendations for Nestlé ground, bean, and instant coffee brands along the CDJ. In the first stage of the CDJ, 'Consideration', brands have the role of entertaining consumers while increasing brand awareness. The objective in this stage is to reach a higher number of consumers and be part of their consideration set. In the group report, it was possible to acknowledge that ground, bean, and instant coffee brands have a lack of visibility on digital channels given the lower number of followers and interactions

on social media. Consumers do not associate coffee brands with social media, a high number of consumers does not follow them, and those do not consider the content relevant (Table 8 on Report A). To be part of the consumer's consideration set, brands must focus on highly visual content, with positive first impressions that grab consumers' attention. Table B1 below presents the details of each recommendation to surpass the issues faced in the 'Consideration' stage.

Table B1: Recommendations on 'Consideration' stage by McKinsey

1. Sponsored and display content	
<i>All Brands</i>	<p>Objectives Invest in sponsored and display content both on Facebook (FB) and Instagram (IG) that will lead consumers to visit both brands' social media pages as well as brands' websites.</p>
	<p>Sponsored content provides the right amount of information that will engage the consumers in the initial phase of the decision-making process. This content perfectly matches the brand's target audience and allows brands to deliver content that they control (Johnson 2016). Appendix D.1 presents more detailed information about each of the below-mentioned types of content.</p> <p>Details</p> <ul style="list-style-type: none"> • Instagram: Nestlé brands should invest in Stories Ads that appear between users' stories. Stories must be dynamic and grab consumers attention and increase the possibility of reaching a massive audience. • Facebook: brands must invest in both Image and Video ads. For Video ads, brands should focus on a more dynamic content while for Image ads, the content should be catchy such as fun facts about the brand or related to daily usage of the products. • Content must be related to new products, origins of coffee, production processes and sustainability, which is one of the main advantages that ground and instant coffee have when compared with capsules. As an example: <ul style="list-style-type: none"> ○ Nescafé must keep sharing the message of "Cultivado com Respeito" which is one of the most significant sustainability programs in the world, and consumers must know the brand is part of it.
<i>Nescafé</i>	<p>Objectives Nescafé should invest in Overlay Advertisement on Spotify, to increase its brand awareness next to a younger generation and deal with its brand image issue.</p>
	<p>Overlay Advertisement on Spotify is designed for viewability and is delivered when the user returns to the Spotify App, having a higher brand impact, creating brand awareness, while reaching the target audience (Spotify 2020). Appendix D.2 has more detailed information about Overlay Advertisement.</p> <p>Details</p> <ul style="list-style-type: none"> • Regarding content, this advertisement should: <ul style="list-style-type: none"> ○ Transmit the idea of a coffee break or quality time while drinking coffee and listening to good music. It should reinforce the fast preparation time of instant coffee without disregard its taste. ○ Promote new products and new ways of preparing coffee as well as recipes using instant coffee. • The ad should be targeted to all age and gender users on Spotify as well as all listening behaviours, to reach the highest number of consumers possible.
	<p>Objectives Ground coffee brands should focus on Youtube TrueView In-Stream Advertising.</p>
	<p>Details There are numerous benefits of advertising on YouTube, such as the possibility of reach and connect with the right audience, memorably. Besides that, brands can easily measure their success.</p>

Sical, Buondi, Starbucks At Home	<p>Consumers visit YouTube for video content, so brands must invest in more visual content advertising because videos are the most effective way to reach the audience (Baird 2019). Appendix D.3 presents more detailed information about Overlay Advertisement.</p> <ul style="list-style-type: none"> • The content should: <ul style="list-style-type: none"> ○ Focus on how to use traditional coffee makers, in the idea of bringing OOH experience inside and the versatility that ground and bean coffee offers since they can personalize the output. ○ Feature professional baristas showing new ways of making coffee with an emphasis on sustainability. ○ Present testimonials of actual consumers talking about their experiences with brands. • Buondi should focus the message on the idea of bringing home the beach and surf atmosphere, to ensure that consumers associate the brand not only with out-of-home consumption. • For Starbucks At Home, it is essential to ensure that consumers understand that it is possible to have the same experience they have at Starbucks coffee shops and that they can be their own baristas.
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Note: These recommendations also apply to capsules brands (Report A)

Source: Author based on primary research.

During the 'Evaluation' stage, brands have the primary goal to interact with consumers and monitor their presence on social media. Brands must guarantee consumers that their product is the ideal one to tackle their needs and solve their problems. In this stage, digital presence is fundamental, and brands must provide entertaining, informative, and convincing content on digital platforms. Nestlé ground, bean, and instant coffee brands still have a lower level of interaction with consumers on social media. Table B2 below presents the detailed information for each recommendation to surpass the issues faced in this stage.

Table B2: Recommendations on 'Evaluation' stage by McKinsey

All Brands	2. Engaging content and interaction with consumers
	<p>Objectives Engage with customers on Facebook and Instagram.</p>
	<p>Details</p> <ul style="list-style-type: none"> • Create posts both on Instagram and Facebook that consumers can relate to, such as everyday life situations or national occurrences besides holidays season. It is crucial to stand out that Nescafé has been investing in this type of content, and that was notorious during quarantine, where social media posts were related to at-home activities. However, the post should be catchier and visually appealing. • Interact with consumers: <ul style="list-style-type: none"> ○ Share mentions on Instagram stories. ○ Answer to comments and a certain number of private messages, if applicable. ○ Ask more for consumers opinions, such as names for new products. <p>Brands must be careful regarding post frequency because if it is too frequent, consumers start to get tired of being always exposed to brand content and assume it more as marketing to sell products.</p>
All brands	3. Q&A and Quizzes on IG stories with specific themes
	<p>Objectives Invest in Q&A and Quizzes on Instagram stories with specific themes (Appendix D.4).</p>
	<p>Details</p> <ul style="list-style-type: none"> • Quizzes on IG Stories: Instagram stories visualization have been increasing (Instagram Business 2020), and it is increasingly common brands challenging their customers to participate in fast Quizzes on Instagram stories. The quizzes allow consumers to feel engaged and know more about the brands.

	<ul style="list-style-type: none"> • Q&A: Brands can launch a Q&A pool at least once a month with a pre-determined theme, where consumers are allowed to ask questions. • Regarding themes, this content must be relevant for the consumer such as curiosities/fun facts about the brand, production processes, future launches, opinions about products, among others.
<i>Sical and Buondi</i>	4. IG Lives or IG TV with Baristas
	Objectives Invest in IG Lives or IG TV videos with coffee experts (Baristas).
	Details Brands must show how to make ground coffee using traditional coffee makers (e.g. French Press, Moka Pot). The objective is showing consumers different ways to prepare their coffees at home. The message should focus on two main points: <ul style="list-style-type: none"> • With ground coffee, consumers have a quality time making it, the outcome is the result of their effort, and it can be personalized in their way. • Transmit a sustainability message. Brands should focus on the actual sustainability trend that the market is facing and ensure their consumers that ground coffee is much more sustainable when compared with other types of coffee and implies less waste.

Source: Author based on primary research.

On the ‘Buying’ stage, all ground and bean coffee brands have a lower number of consumers. Buondi, according to primary research, is the least consumed brand at home, due to its leading association to OOHC (Appendix D.5). Brands must provide information on why consumers should choose their brands, and the content must be brand-specific while highlighting their unique value and identity. Table B3 below presents the detailed information for each brand’s recommendation to surpass the issues faced in the ‘Buying’ stage.

Table B3: Recommendations on ‘Buying’ Stage by McKinsey

<i>Sical, Buondi and Starbuck At Home</i>	5. POS Promotions
	Objectives Invest in POS promotions using brand promotors.
	Details Brands must place promotors on retailers (e.g. Continate) to boost ground and bean coffee sales. The promotor is responsible for improving the performance of the brand and the product it represents, but also to clarify consumers doubts about brands. The POS activities must be divided into two occasions. Firstly, towards Sical and Buondi in joint activity and secondly one dedicated only to Starbucks At Home. Partnerships with retailers are essential to use the promotion code. <ul style="list-style-type: none"> • Promotors should be placed near the coffee alley in the supermarkets and must interact and engage with consumers by offering them either Buondi/Sical ground coffee or Starbucks At Home. • The stand must include an electric kettle and a French Press to show consumers how to prepare ground coffee at home. Regarding bean coffee, the stand must include a manual and straightforward coffee grinder to explain to consumers the right and easy way of using it (Appendix D.6). • The stand must also include a tablet, where the consumer answers some questions about his coffee consumption habits. In the end, it shows the best Buondi/Sical or Starbuck At Home product for the consumers, and it offers a QR Code with a purchase discount on brands’ products (Appendix D.7)
	6. Buondi surf sessions giveaways and promo codes
	Objectives Invest in promotion codes and giveaways for Buondi.

<i>Buondi</i>	<p>Buondi must align its image of surf and beach lifestyle to AHC and lead its consumers to buy Buondi.</p> <p>Details</p> <p>To stimulate the at-home consumption, Buondi must:</p> <ul style="list-style-type: none"> • Give Buondi surf sessions' participants a promotion code of 50% on next supermarket purchase (Extreme, Intenso, Original and 100% Arábica). • Giveaways on the website and loyalty app (Table B5): code on the interior of each Buondi package that consumers must insert on the website/app to be able to win several offers such as: "Buondi surf session: special experience", particular surf class with a professional instructor and surf material.
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Source: Author based on primary research.

After purchasing, brands must not lose consumers' track, and must keep frequent contact with them to ensure the later entrance in the 'Loyalty Loop'. Portuguese coffee consumers are more used to advocate their coffee purchases with friends and family and not through digital platforms (Appendix D.8). However, consumers expect content from a brand that reassures them they made the correct choice when buying that product. Table B4 below presents the detailed information for each brand's recommendation in the 'Advocate' stage.

Table B4: Recommendations on 'Advocate' stage by McKinsey

7. # to share recipes	
<i>Nescafé</i>	Objectives
	Create a hashtag for consumers to share home-made recipes using Nescafé coffee.
	Details
	<ul style="list-style-type: none"> • Create a unique hashtag that encourages coffee consumers to share on digital channels the results of Nescafé's recipes. The brand must set weekly challenges, where it shows a new recipe using its products and consumers must duplicate those and share using the hashtag. Nescafé must repost the consumers' content on its social media. • Nescafé is already sharing recipes on social media and asking consumers to share the final results; however, the communication of these recipes is done exclusively online. The brand shares a few contents from consumers on digital platforms. These challenges should be communicated not only online but also on POS using pop-ups on the shelves.

Source: Author based on primary research.

In the last stage of the decision-making process, 'Bond', brands must ensure that consumers enter the 'Loyalty Loop' by engaging with them. Brands must continue providing the same value while building an online community and a long-term relationship with consumers. Nestlé ground, bean, and instant coffee brands must ensure that consumers will return in the next purchase and must offer them reasons to reinforce the bond with the brand. Table B5, below, presents the detailed information for each brand's recommendation in the 'Bond' stage.

Table B5: Recommendations on 'Bond' stage by McKinsey

8. Loyalty app	
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<i>Sical and Buondi</i>	<p>Objectives</p> <p>Create a loyalty program using an app that accumulates points for each purchase, and there are several prizes at each stage of points.</p>
	<p>According to primary and secondary research, when consumed daily, ground and bean coffee packages last for one or one and a half months.</p> <p>Details</p> <p>The app consists of introducing the code that is inside the package after each purchase to win points that at each stage can be exchanged by several prizes. The amount of points gained for each package depends on the size of it. However, it is essential to complement the app with the brands' websites, where consumers can also participate in the loyalty program. Partnerships with retailers are essential for the use of promotions. Appendices D.9 and D.10 present an explanation of each stage and possible prizes.</p> <p><u>Communication:</u></p> <ul style="list-style-type: none"> • Invest in Sponsored and Displayed content on both Instagram and Facebook. • Invest in POS communication and also on the package itself to ensure that consumers are aware of the programme on offline channels as well. • Invest in TV advertising to communicate the existence of the app and all its features to guarantee that consumers know how to use it properly. The advertising must be appealing and must communicate the possible prizes in an engaging way (e.g. Buondi surf lessons). The advertising must link the consumers to the brands' website. <p><u>App Features</u></p> <ul style="list-style-type: none"> • History of each user's purchases. • Detailed information about the terms and conditions of the app (e.g. amount of points needed for each stage; how many points each package is worth). • More detailed information about each possible prize. • Direct link to brands' social media pages and websites. • Exclusive content (e.g. promotion codes).

Source: Author based on primary research.

All the recommendations mentioned above aim at strengthening the digital presence and strategy of Nestlé ground, bean, and instant coffee brands. By following these recommendations, Sical, Buondi, Starbucks at Home and Nescafé are expected to be closer to Portuguese coffee consumers throughout the entire decision-making process. Ground coffee brands must implement the idea of the “essence of coffee”, and the possibility of bringing home the experience consumers have out of the home. Starbucks At Home is expected to be easily recognized when considering which brand to buy for AHC. Buondi is expected to consolidate at-home presence and align that with the image of the surf and beach lifestyle that consumers associate. As for Nescafé, recommendations aim at aligning the brand image with the brand strategy. All these recommendations aim at building and strength the relationship between brands and coffee consumers. Both Report A and C are essential to comprehend not only the entire research but also further recommendations for Nestlé coffee brands.

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Appendices

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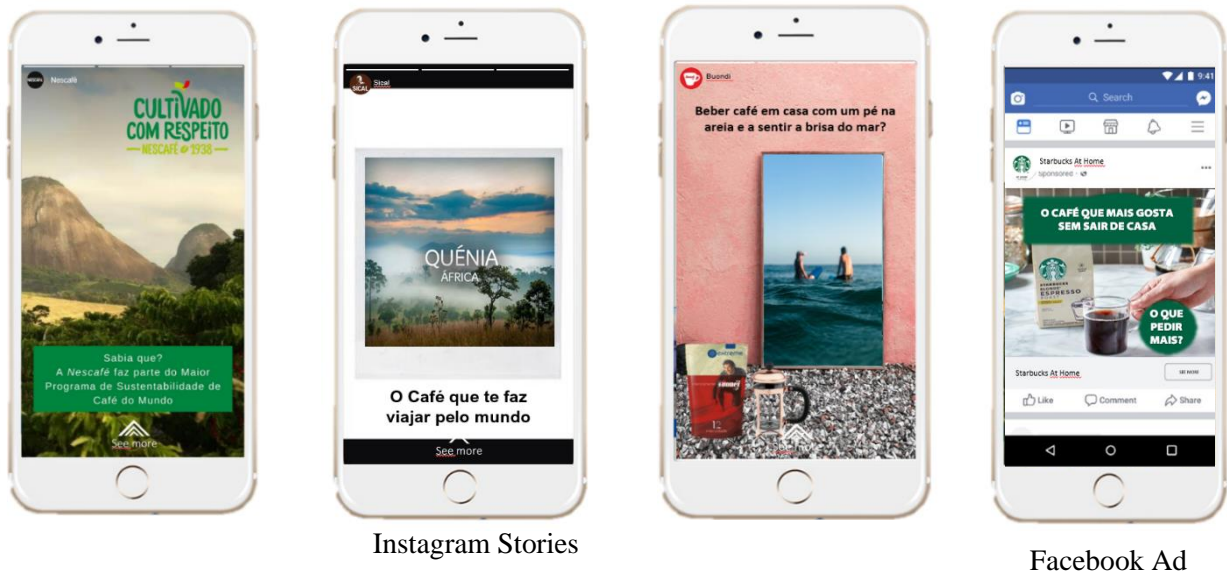
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Section D: Report B Appendices

Appendix D.1: Sponsored content on Instagram and Facebook (examples)

On Instagram, 500 million users view Instagram Stories every day, and one-third of the most viewed belong to businesses. Stories Ads allow brands to deliver more appealing and catching content to consumers and reach a massive audience. This type of advertisement is mainly used when the objectives are brand awareness, reach, traffic, among others (Newberry 2020).

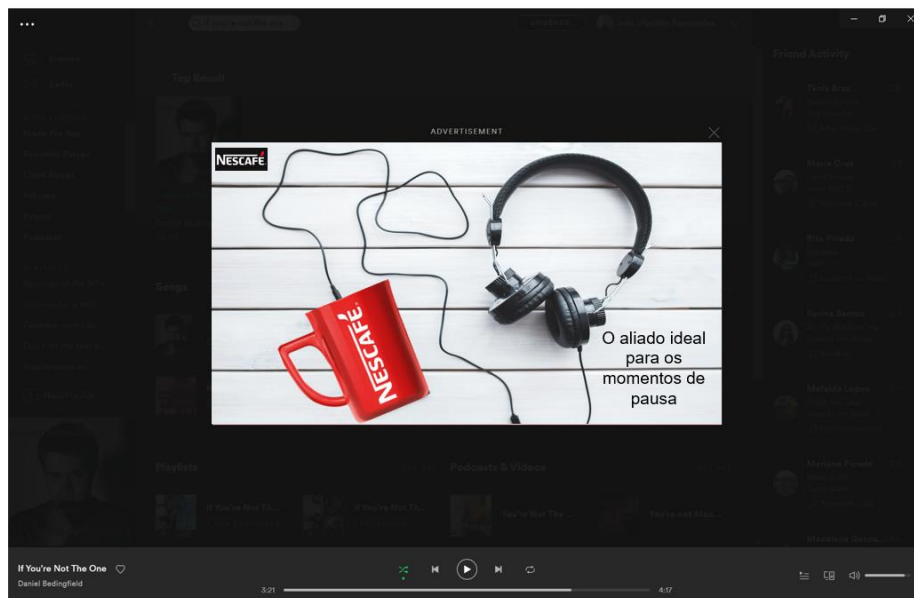
On Facebook, Image Ads are considered an excellent way to start advertising because it is possible to create engaging content and boost one post quickly. This type of advertising is useful when the brand aims at leading consumers to the website. On the other hand, Video Ads can run either in the news feed or stories but also as in-stream ads (Newberry 2019).



Source: Author based on images from brand's social media and websites.

Appendix D.2: Spotify Overlay Advertisement for Nescafé (examples)

Overlay Advertisement is delivered when the user returns to the Spotify app, and it allows ensuring maximum brand impact. This type of advertising is clickable and has the possibility of direct the consumer towards the brand's URL destination. Overlay Advertisement can be used both on mobile and desktop platforms (Spotify 2020).



Source: Author based on images from Pexels.

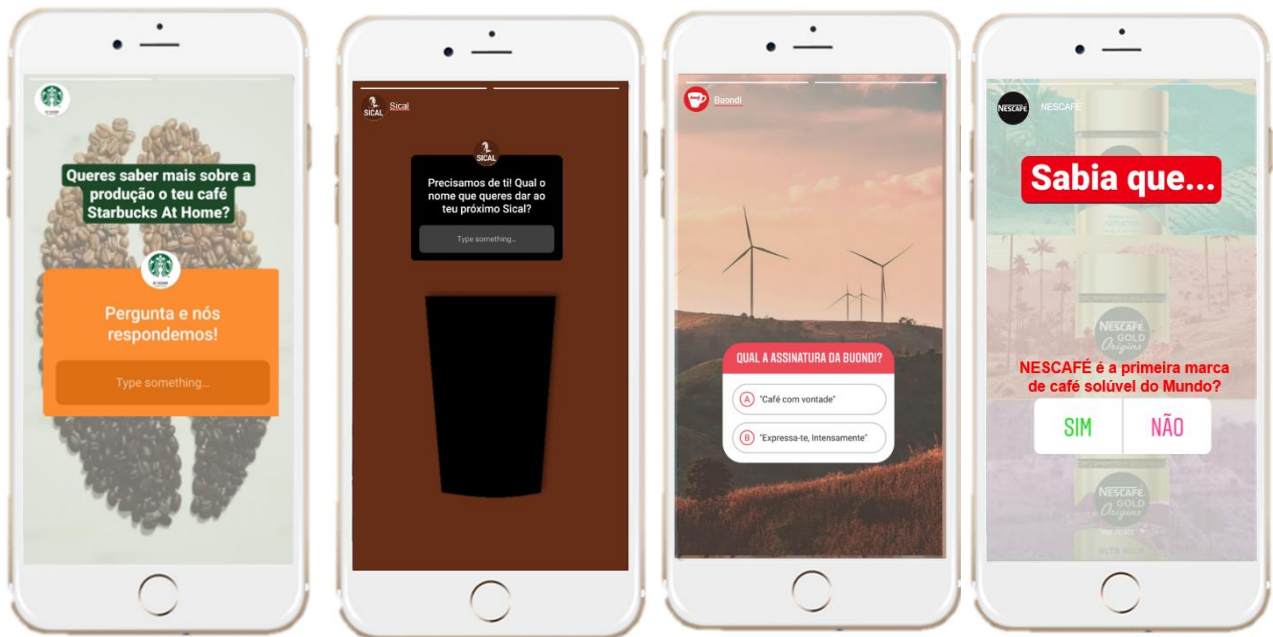
Appendix D.3: YouTube TrueView Advertising for Nestlé ground coffee brands (example)

TrueView Ads are skippable ads that appear at the beginning of YouTube videos. This advertisement is an excellent way to start advertising on YouTube for three main reasons. Firstly, TrueView Ads are versatile since it allows to advertise video testimonials and how-to videos that drive customer engagement. Secondly, TrueView Ads have low risk involved and are cost-affective because advertiser only pays when the ad plays for at least 30 seconds, or the viewer makes an action, such as a click. Lastly, this advertising can reach a broad audience. Using TrueView In-Stream ads, the clicks go to brands' website, and besides the actual ad, there is also a display ad in the top right (Baird 2019).



Source: Author based on images from Sical Facebook Page and Nestlé Youtube Channel.

Appendix D.4: Quizzes and Q&A on Instagram (examples)

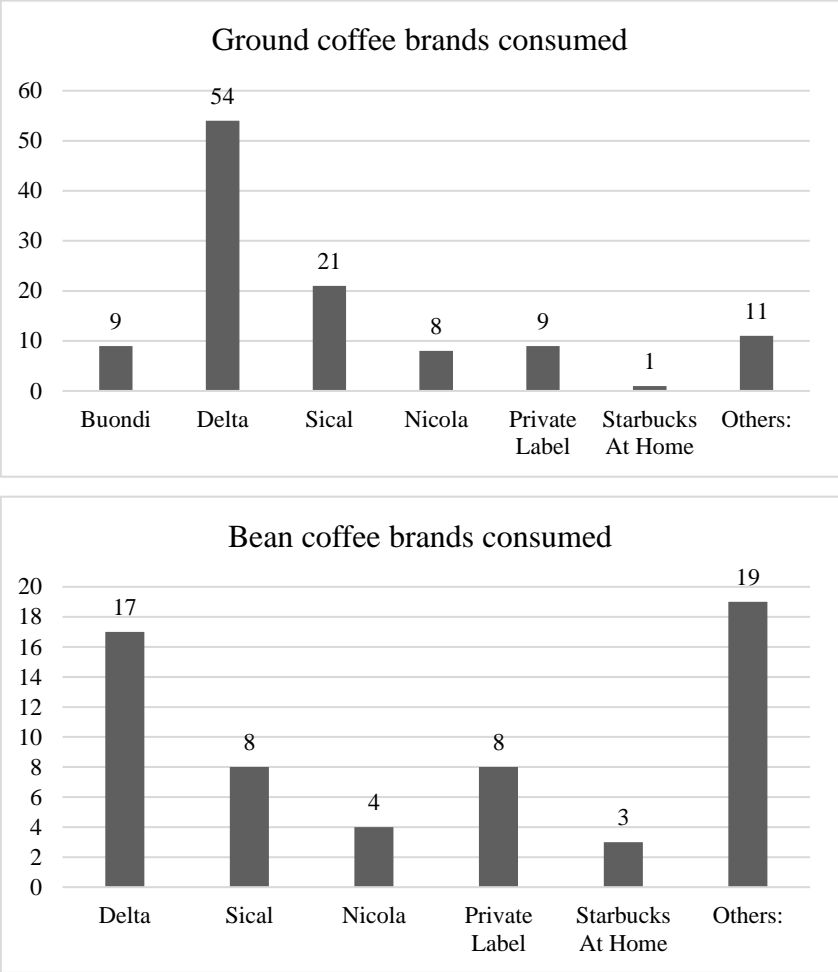


Instagram Q&A

Instagram Quizzes

Source: Author based on images from brand's Facebook pages.

Appendix D.5: Ground and Bean coffee brands consumed by quantitative survey respondents



Source: Author based on primary research (quantitative survey).

Appendix D.6: POS promotions: stand material



Electric Kettle



Manual Coffee Grinder



French Press

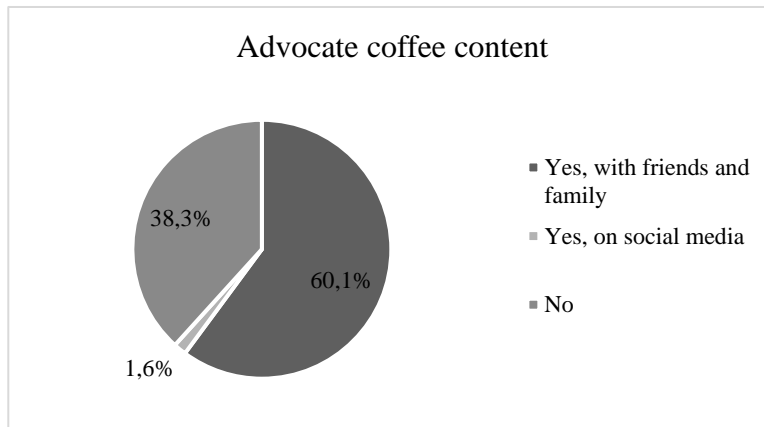
Source: Author based on Google Images.

Appendix D.7: POS promotions: tablet (Sical and Buondi example)



Source: Author based on brand's website and images from pexels.

Appendix D.8: With whom quantitative survey respondents share coffee content



Source: Author based on primary research (quantitative survey).

Appendix D.9: Sical loyalty app (example)

Points per package	6,5g unidose – 5 points 220g/250g – 10 points 1kg – 20 – points (Bean only)
Prizes	40 points – 1 Sical Clássico 250g (Ground or Bean) 60 points – 1 Sical Origens 90 points – Pack 1 Sical Clássico 250g (Ground or Bean) + 1 Sical Origens 130 points – Pack 2 Sical Clássico 250g (Ground or Bean) + 1 Sical Origens 150 points – Pack 1 Sical Clássico 250g (Ground or Bean) + 2 Sical Origens 170 points – Pack 3 Sical Origens 230 points – Pour-over or French Press + 1 Sical Origens 280 points – Krups* manual coffee grinder 310 points – Krups Control Line machine *Sical already has a partnership with Krups (Clube Expresso)



Example of the loyalty app

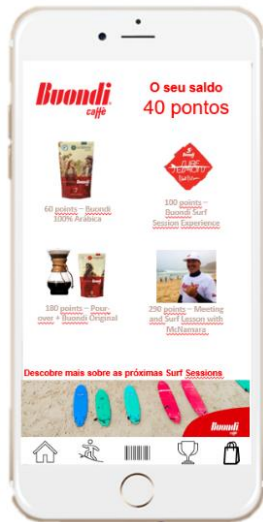


Place of the code inside the package

Source: Author based images from the brand’s social media pages and websites.

Appendix D.10: Buondi loyalty app

Points per package	Buondi Original and Buondi Intenso - 10 points Buondi Extreme and Buondi 100% Arábica – 15 points
Prizes	40 points – 1 Buondi Original/Intenso 60 points – 1 Buondi 100% Arábica 90 points – Pack 1 Buondi Original + 1 Buondi Extreme 100 points – Voucher Buondi Surf Sessions Experience (Meeting with McNamara) 130 points – Pack 2 Buondi Intenso + 1 Buondi 100% Arábica 150 points – Pack 3 (1 Buondi Intenso + 1 Buondi Extreme + 1 choose) 180 points – Pour-over or French Press + 1 Buondi Original 220 points – Buondi Private Surf Lesson with a professional instructor with two friends 290 points – Meeting and surf lesson with Garret McNamara 310 points – Krups Control Line machine



Example of the loyalty app



Place of the code inside the package

Source: Author based images from the brand's social media pages and websites.

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