

1. Introduction

This report serves the formulation of an **Advertising Communications Strategy** for **'KJM Food Ltd.'** [KJM] – a German blender and supplier of tea and speciality teas. KJM wants to launch a **new black tea brand**, named **'SOUL'** into the UK market. Black tea is one of the most popular hot beverages in Europe and originates from the 'Camellia Sinensis Tree'. It is derived from its leaves that have been withered, rolled, fermented, and then fired.

Due to the nature of the product SOUL will be launched after the summer months. KJM has consulted the **advertising agency 'Flavour'** to assist in this matter and the following report summarizes the agency's recommendations based on results of several marketing examinations which can be found in detail in appendices attached. Flavour will define a clear, consumer-relevant USP, clear positioning against the market competition and recommendations for an effective Brand Media Strategy as the basis of an integrated marketing concept. Further more, the theory that "all advertising communications should be designed with a particular target market in mind, created to achieve specific objectives, and undertaken to accomplish the objective toward the target market within budget constraints" [Terrence Shimp] is followed through.

2. Situation Analysis

In order to prepare an Advertising Communications Strategy for the launch of the new black tea brand 'SOUL' all relevant market and corporate dynamics need to be considered since they are likely to determine or influence the marketing process. This report is build upon a *situation analysis*, by means of *PEST* and *SWOT* analyses, which are looking at internal and external factors affecting KJM and their new brand launch. Both analyses help identifying the environment, markets, customer as well as the competition. PEST and SWOT analyses are based on secondary data and detailed results can be found in appendices 1 and 2 on pages I to III.

2.1 Market size and trends

Cultural changes towards a faster lifestyle have proven to distract people from tea and a health and fitness ethic is strengthening. Consumers in the UK are becoming more and more health conscious with markets diversifying into healthier options. Tea needs a little preparation time prior to consumption and with an unhealthy image, due to its caffeine content, it has become less popular. However, traditional black tea is regarded as a **commodity item** and it shows little seasonality [slight rise in consumption during winter period]. Excessive coffee consumption is 'out', due to various social factors, which generally could offer further potential for tea. The Tea market in general is 'high interest' - accordingly, only brands with relevant emotional values will be able to form bonds with consumers.

On a global basis Britons belong to the top in the tea league - after Turkey and just ahead of Ireland and Hong Kong. However, the British tradition of 'tea time' is fading and overall tea consumption is on a decline. According to *Datamonitor's* latest research into the global tea market UK consumers bought 114m kg of teabags in 2002, down from 127m kg in 1997.

Figure 2.1.1.

UK retail sales of tea and herbal tea [by value and volume] 1997 - 2002

	<u>by values</u> [at current and constant 1997 prices]		<u>by volumes</u>	
	£m	€m	000 tonnes*	% change
1997	650	970	138	-
1998	729	1,085	134.5	-2.5
1999	707	1,074	132.2	-1.7
2000	670	1,100	130.9	-1
2001	648	1,042	128	-2.2
2002 (est)	655	1,028	127.1	-0.7

* excludes sales through health food shops, garage forecourts and CTNs

Source: *Mintel*, 2003

The above table shows UK retail value sales being static. They peaked in 1998 at £729 million which was, according to *Mintel*, partly driven by high raw commodity costs in that year. Looking at UK's retail volume sales figures, for the same period, one can note a slow but steady decline.

The slow performance of the market for tea, in both volume and value terms, is largely due to competition from other categories such as bottled water, carbonates, and fruit juice/juice drinks [see figure 2.3.1.]. However, tea is still the most well-liked beverage in 2000 according to the *National Food Survey*.

2.2 Market Growth

The British tea market is very mature. Mintel's forecasts, as per table below, show growth by 9% reaching a value of £712 million in 2007. Once effects of inflation are taken into account, this is equivalent to 1% growth in real terms. In contrast, volume sales will show an 8% decline over the same period. This suggests that consumers may drink less tea, but will spend more on it.

Many companies create value growth through new developments [e.g. herbal, green, ayurvedic, fruit teas etc]. KJM will focus on the possibility to increase demand through creating a differentiated product image.

Figure 2.2.1.

Forecast of the UK tea market, by value and volume, 2002 - 2007

	Tonnes '000	At 2002 prices £m
2002	127.1	655
2003	125.6	652
2004	123.9	655
2005	122	657
2006	119.9	659
2007	117.5	661

Source: Mintel, 2003

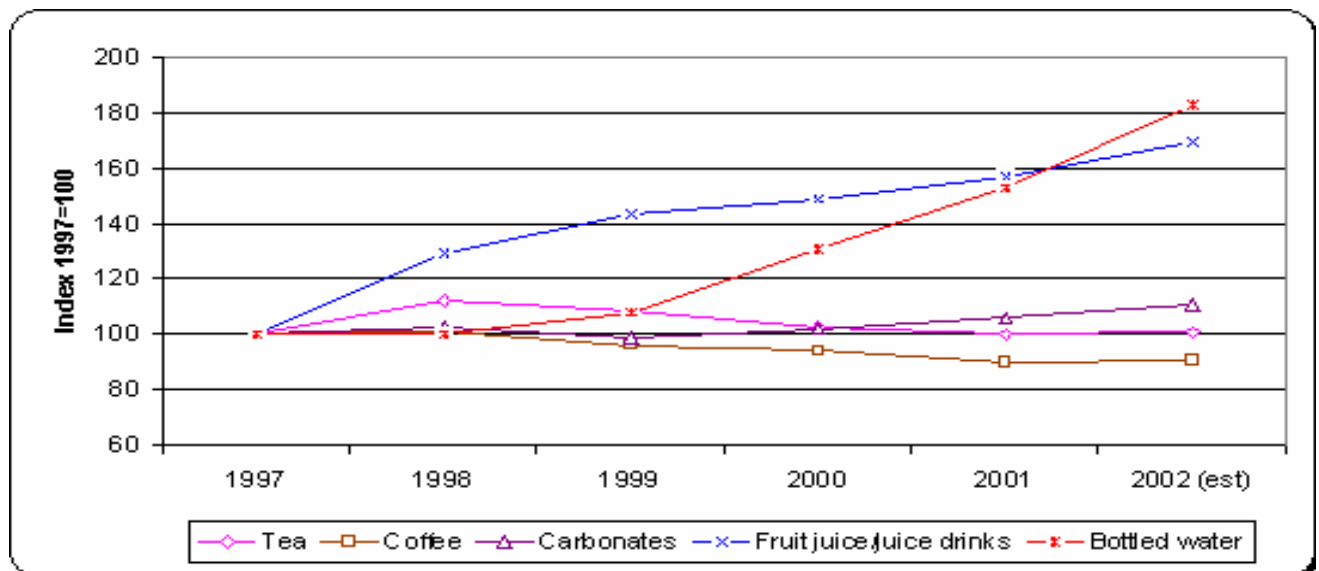
2.3 Competitor Analysis

To facilitate positioning of 'SOUL' against consumers' perceptions of competitive brands one should closely examine the competition. Appendix 3 [pages IV, V, VI and VII] identifies KJM's primary competition and their product portfolio. Further more it looks at the top brands of the sector and competitor trends as well as market shares and ranks.

An important point of consideration is that tea also stands in competition with other hot drinks [mainly coffee and hot chocolate], cold drinks, particularly carbonates, mineral waters and fruit juices as shown below:

Figure 2.3.1.

Indexed retail sales of tea, coffee, carbonates, fruit juice and juice drinks, bottled water 1997 - 2002



* 2001 indices for coffee and bottled water are based on estimates

Source: Mintel, 2003

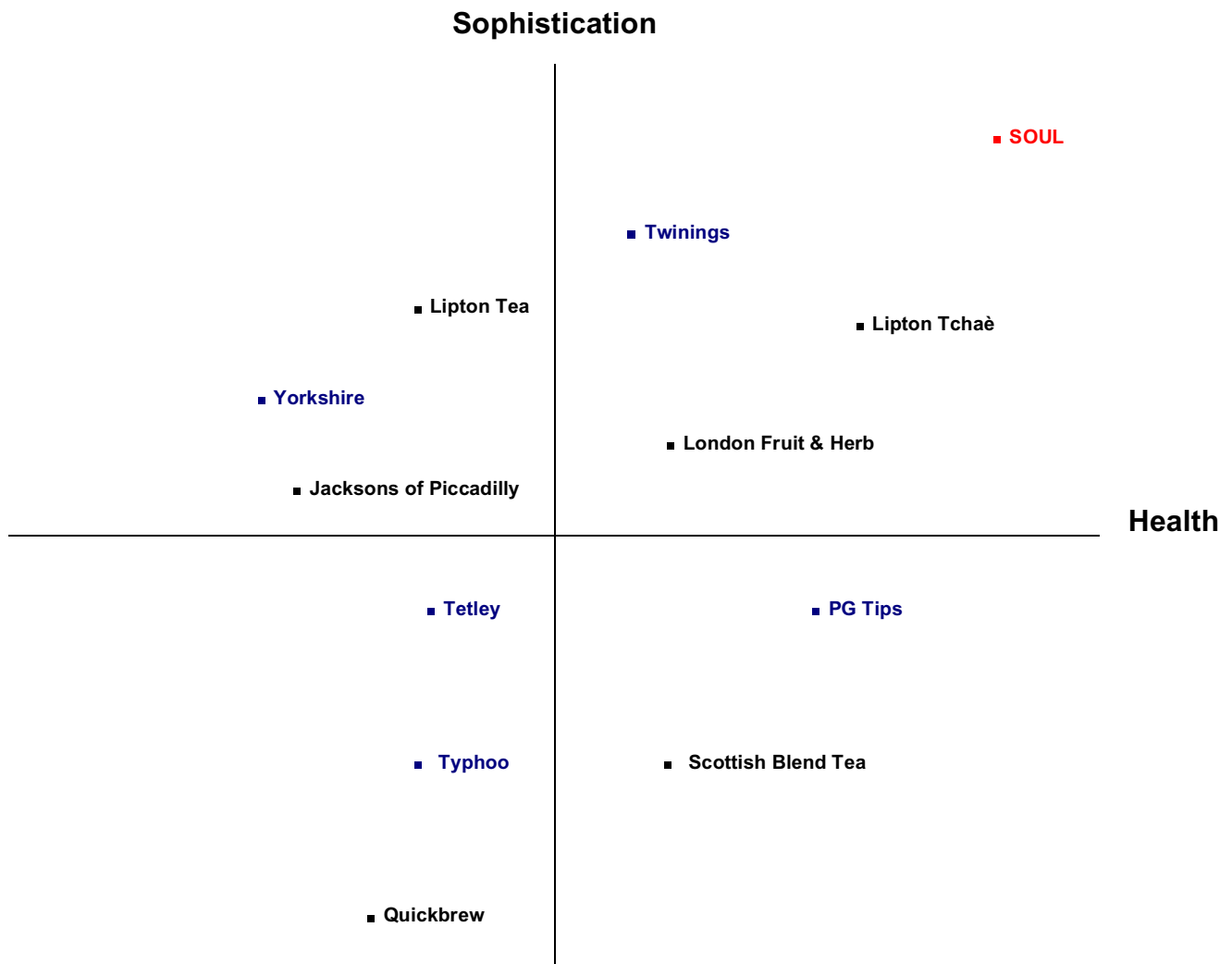
2.4 Positioning

The issue of healthy life styles has considerably contributed to marketing and is becoming an important factor of modern lives. Today many companies claim potential health benefits from tea drinking. Consequently, big suppliers concentrated on the health awareness of consumers and have positioned their marketing strategies to maximise this potential. For instance, Tetley has teamed up with St. Ivel and Warburtons to develop a website aimed at healthy living. In 2002 PG Tips' packaging has been redesigned to emphasise 'healthy' characteristics of tea. It informs the consumer that tea is an antioxidant source. Antioxidant in tea, so-called 'flavonoids', are supposedly vital for a healthy diet. On the other hand, researchers *from the University Dental Hospital of Manchester* have found out that certain teas [especially herbal tea] may destroy teeth by dissolving enamel [Published in the *Journal of Dentistry* and *Daily Mail* 19/11/2001].

In addition to emphasising health issues, KJM foods will differentiate by tapping into another human need: relaxation and peace. The pace of life is accelerating and nowadays many people complain about very fast and hectic lifestyles. People in today's world barely have any time to relax or be for themselves. Advertising messages should play upon this lack of time and freedom and emphasize on the 'relaxing ritual' of brewing tea and enjoying 'a cuppa'. According to Mintel, consumers are increasingly willing to pay for products and services which provide them with more free time and which make life easier. There is an overall trend to be noticed: one takes a salary cut back in order to have more time, or moves into suburbs to live quieter, people escape into nature, explore the world of 'Yoga', take part in 'Relaxation classes', do 'Aromatherapy' and so on. 'SOUL' tea perfectly fits into this new lifestyle trend and its advertising and packaging will emphasize SOUL's relaxing character and explain that different infusion times will have different effects. For example, the packaging will instruct to increase infusion time in order to change the usual effects of tea into strongly relaxing and soothing effects. This is a niche the other big brands are not considering at present.

The ‘**Brand Steering Wheel**’ by ‘**Icon Brand Navigation Ltd.**’ as per appendix 4 summarizes the desired perception of SOUL by its target groups. It shows all aspects of the brand's identity and will be used in this report as a future-oriented positioning platform supporting to drive KJM's marketing and copy strategy.

In order to see how SOUL positions itself against the other tea labels ‘**Flavour**’ has created the following **Positioning Matrix**:



3. Segmentation & Targeting

KJM unsurprisingly wants the new brand to be acquired by the right customers and therefore 'Flavour' has segmented the tea market into targets. Through *segmentation* and *targeting* the consumer is defined and can then be more accurately pitched with the later recommended advertising and marketing strategy. The better the groups are known the less effort will be wasted. The selection of the target market is based on the findings of segmentation as per appendix 5 [pages IX and X]. Target market for the recommended advertising strategy and related marketing program is defined in terms of *demographics, geographics, psychographics and behavioural criteria*. The overall benefits sought are relaxation and revitalisation and KJM should direct marketing and advertising efforts towards the specified key target.

More generally, key consumers of tea are between 45 and 54 years old and according to TGI data and Mintel the average age of tea drinker is still rising. However, SOUL will best be targeted at younger consumers [18 - 45 years old] as they are found to be more accepting of new product launches. The down side is that especially younger consumers drink less tea and favour of what they perceive as more tempting products [e.g. as carbonates, fruit juice etc]. Yet older consumers are more likely to be loyal to tea and according to Mintel there is a strong correlation between drinking tea and age with consumption increasing up the age groups. SOUL's task will be to convince younger consumer of its benefits and make them loyal. Brands play an important role to tea consumers. A Mintel survey for standard tea [e. g. PG Tips or Typhoo] reveals that 43% of housewives questioned say they look for the brand they always buy and 40% look for a well-known brand name. This is due to the common ideology that brands signify a guarantee for taste and quality.

4. Advertising Objectives

Advertising objectives “are goals the advertising efforts attempt to achieve for a brand” [A. Shimp, 1997] and future management decisions on advertising will be based upon them. Their functions are to support co-ordination, consistency, timing, decision-making and evaluation of SOUL’s marketing and advertising process. Intelligent advertising objectives, an adequate budget and schedule [see appendix 6] are crucial for success. Moreover they should be Specific, Measurable, Achievable, Relevant, Targeted and Timed, in short **SMARTT**.

The process of setting objectives is based on basic considerations which to a certain extent have been made previously:

- **Target market** *[who is targeted and where is that target?]*
- **Product** *[which image to be produced, what USP to be emphasised?]*
- **Timing** *[what time, month, season?]*

Objectives for the launch of ‘SOUL’ are operational, precise and manageable and consist of the following:

- I. **Participation at mega trend [health/ well-being]**
- II. **Persuade trade to handle brand**
- III. **Development of brand awareness and acceptance in target market**
- IV. **Facilitate the successful introduction into UK market**
- V. **Facilitate consumer understanding of its attributes and benefits compared to competitive brands**
- VI. **Induction to trial**
- VII. **Encouragement to repeat purchase behaviour and increase of loyalty**
- VIII. **Stimulate point-of-purchase sales**
- IX. **Support for product sales**
- X. **Build a brand’s and company’s image**

More generally, the main ultimate objective of any marketing communications strategy is to initiate action from customers and potential consumers. The above advertising objectives accomplish SOUL'S present introduction stage in its life cycle [as shown in figure 4.1] and represent an expression of the management consensus. They are a fundamental guide for KJM personnel with regards to tasks, timing, budgeting, message and media aspects. Further more, set objective provide standards against which results can be measured at the stage of campaign evaluation.

Set objectives are not to be achieved in a particular order and they all are highly interrelated. However, certain objectives can not be achieved without some others. For instance, in the FMCG sector it is vital to first convince and pitch retailers [e.g. ASDA, TESCO etc] in order to get a foot into the market. Without the support of the retail trade a product is doomed to fail. Consequently, KJM initially has to convince British retail giants to facilitate the introduction of SOUL prior to reaching end consumers.

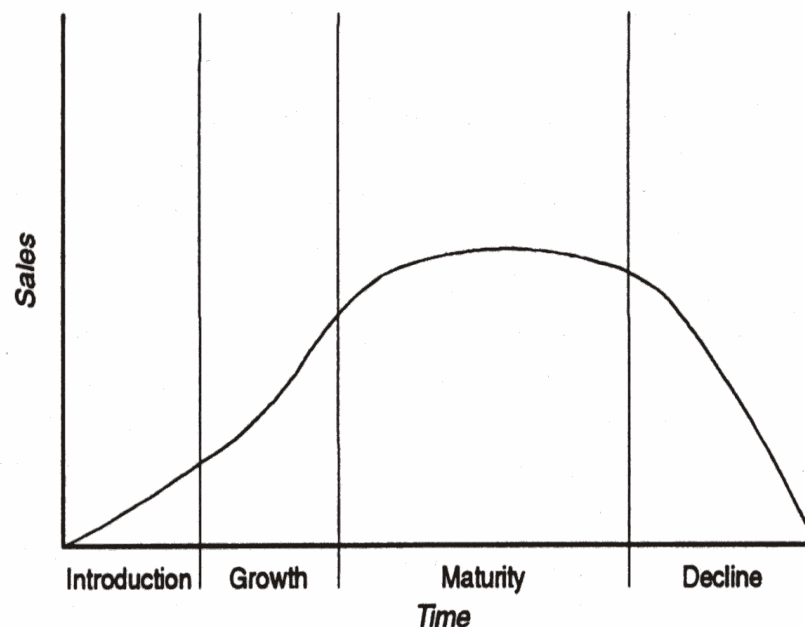


Figure 4.1 The normal product lifecycle

5. Advertising Strategy

The present chapter deals with the advertising strategy for SOUL and is based on the so-called '**Copy Strategy**' - a creative brief guideline by *Ogilvy & Mather* [widely acclaimed worldwide advertising agency]. Copy Strategy is a composition and design strategy which constitutes a comprehensive approach for positioning. It is the basis and starting point for the visualisation and verbalisation of the message to be communicated. The following steps are of consideration within Copy Strategy. Some have previously been given thought in more detail - therefore will only refer to previous chapters - while others are examined directly at this point:

i. **Starting point: Situation/ Background**

In order to develop an advertising strategy the business' situation should be clearly identified. This has been completed by means of 'Situation Analysis' in Chapter 2 in order to launching the new brand.

ii. **Goals: What realistic goals can be achieved through advertising?**

Please refer to advertising goals as termed in foregoing chapter 4.

iii. **Target group: Who do we want to communicate with? What attitudes, approaches, knowledge, and preconceptions does this target have?**

A detailed target analysis has been produced and is to be found in chapter 3.

iv. **The competition:**

As discussed in chapter 2.3 it is elementary to investigate into the competitive environment. This is usually done on an international as well as national level. As a consequence of the given word limit this report has concentrated on national competition only.

v. Brand Positioning:

Positioning is an essential part in order to create a strategy for SOUL and has been reflected on in depth [see chapter 2.4]. The following headline and sub-slogan have arisen from it:

Let your SOUL take you away!

An experience YOU can control.

vi. 'Unique Selling Proposition' [USP]: SOUL's unique promise

A creative advertising strategy promotes a product attribute that represents a meaningful and distinctive consumer benefit. Therefore, selecting the brand's primary benefit or major selling idea becomes the customer benefit. SOUL advertising will identify the important difference that makes it unique and develops a claim that the main competition has not made:

SOUL - The great source of relaxation and revitalisation!

vii. 'Reason why': What is the reason the message can be believed?

These are the facts supporting the above promise. Credibility and believability are key elements to getting the audience to accept the USP. Some can be backed up with factual information that is relevant, informative and interesting to consumers while others are of symbolic or psychological nature and therefore impose a challenge to be proven. SOUL will play upon health and well-being issues. Epidemiological evidence suggests protective effects of dietary flavonoids against cardiovascular disease. Tea provides a major source of dietary flavonoids and its components have well-recognised antioxidant properties [Source: Hugh Sinclair, Unit of Human Nutrition, *Department of Food Science and Technology, University of Reading*, Berkshire, UK]. Unfortunately, this type of information is, although

very positive, not interesting to consumer due to the medical language. Aspects in advertising that can be promoted and translated into consumer's language are:

- **Compensation of peace deficit (relaxing)**
- **Well balanced antioxidant source (flavonoids)**
- **Without any adverse effects (downiness or sleepiness)**

viii. Tonality: Way and method of addressing potential customers

This guideline calls for statements about the crucial feelings or thoughts that the advertisement should evoke in its intended audience. SOUL intends to make the audience feel deserving a healthy, quieter and more relaxed lifestyle. Its advertising tone will be:

- **Quiet**
- **Peaceful**
- **Gentle**
- **Soft**
- **Mellow**
- **Mild**
- **Sensual**

ix. Restrictions: What prohibitions or regulations exist?

- Corporate Identity
- Advertising regulations and codes of practice

The above has given clues towards which direction the advertising strategy should head. There are many alternatives of advertising strategies but SOUL's best bid is a combination of a *Positioning strategy* and *Brand Image strategy*. Positioning strategy "attempts to build or occupy mental niche in relation to identified competitor" [J. Trout & A. Ries] and Brand Image strategy "makes claims based on psychological differentiation with symbolic association" [C. F. Frazer]. All marketing communication elements must be integrated and speak clearly one message to accomplish set objectives. A primary marketing problem is immense competition in the British tea industry moreover the average human eye sees 30,000 images a day. To make sure it focuses on SOUL's image the message will be very creative. To differentiate SOUL's advertising from mass advertising it needs to be different and unusual. The overall message to be communicated is:

Soul - The great source of relaxation and revitalisation!
„Let your SOUL take you away! An experience YOU can control.”

The question that follows stating the message is: Where the message is communicated? Therefore the next paragraph is engaged in the right media decisions. In general, mass media advertising is ideally suited for creating consumer awareness for a new brand such as 'SOUL'. The campaign will concentrate on the next media mix:

- **TV**
- **Radio**
- **Print [magazines]**
- **Bill boards**

KJM will adopt the so-called *Push Strategy*. Push Strategy means selling and other promotional efforts are directed at gaining trade support from wholesalers and retailers. KJM's management has to persuade the wholesale and retail trade to handle the SOUL brand. With its support KJM will be able to facilitate the successful introduction into the

UK market. Therefore at the beginning of the campaign 'listing meetings' with wholesalers and retailers are scheduled. Once the most influential wholesalers and retailers have been successfully pitched, KJM can work on the development of brand awareness and acceptance in the specified target market.

TV advertising will be the primary pillar and receive 40% of the allocated advertising budget. The advantage of *Above-the-Line* TV advertising is that it has multi-medial functions. SOUL adverts can be seen and heard [acoustic and visual reach]. Furthermore, it is advantageous due to its fast communication speed and ability to achieve great impact as well as generating excitement. Note: there will be a break during the summer period because consumers tend to watch less TV during that time.

Radio and Print advertising is supported by an equal budget of 25% each. Both only offer one medium of functions. Radio advertising can only be heard [acoustic reach] whereas Print adverts can only be seen [visual reach]. Radio advertising is a good way to promote *Below-the-Line* advertising and reaches a narrow segment. Consumer can be informed about in-store sales promotions or corporate activities such as competitions or raffles. Radio advertising is very intimate and personal in character. Print advertising has the benefit that it reaches a large defined segment. With a long life span and ability to present detailed information it is ideal for SOUL's message.

Billboards offer the strengths of broad visual reach with high frequency levels. They will promote the claim of SOUL, its USP and message. Billboards can only support the brand world and awareness construction of SOUL, not create it, which is why they are used as a support tool. Outdoor advertising has a low cost [per thousand] and therefore only encompasses an allocated budget of 10%.

All the above elements of the media mix support each other. Audio-visual impulses are sustained through radio and print adverts. If one has listened to a SOUL advert on the radio and [s]he hears the same voice on the television [even if the screen is not looked at] - it will be recognized. This transfer of imagery from TV is a smart tool to be used. Recognition values play a vital role in advertising and compose an important goal. Likewise, it will create attention and message activation is high.

Below-the-line promotions will be a very strong feature. While evidence suggests that consumers are brand loyal, consumers still shop on price and are likely to be open to change. What is apparent from developments in the tea market, however, is that consumers are not purely motivated by price alone and will trade up if they feel that a certain product offers a better taste or 'drinking experience'. That is the factor SOUL will step in as it aims to give the 'best drinking experience'.

Induction to trial will be supported by sending free samples to homes within selected regions in bigger UK cities using ACORN segmentation. Additionally, special magazines distributed by retailers such as ASDA, Tesco, Sainsbury, Somerfield etc. will carry vouchers. Aptly, Point-of-Purchase communications is used for influencing in-store brand selection. At the introductory stage SOUL will be available as an 'Buy-One-Get-One-Free' offer [BOGOF] plus a free tea caddy. Later only the BOGOF system will be used to encourage repeat purchase behaviour and increase loyalty. Selected magazines will facilitate consumer understanding of SOUL's attributes and benefits compared to competitive brands. During the months of November and December KJM encourage customer to take part in a competition. The prize is one week in a beauty and health spa [related to SOUL's brand image of well-being and health!]. This generates vital customer data for KJM's database which will be used for future activities. Please refer to the Launch Schedule as per appendix 6 page XI.

KJM attempts to create awareness quickly. The formulated strategy generates massive media pressure and consumers are very likely to request the brand. This will encourage retail and wholesale outlets, that did not agree to list SOUL, to handle the brand and

support SOUL position in the market. Indirectly, this can be regarded as *Pull Strategy*, where marketing efforts are directed to ultimate consumers with the intent of influencing acceptance. This effect shows how Pull and Push strategy are interrelated.

Once SOUL is established in the British market place the management can also use internet advertising and sponsorship or high-profile promotion [e.g. event promotion]. But at the present stage of introduction it is better to spend marketing efforts and budgets towards the previously mentioned media choices.

6. Pre-testing

“The most important word in the vocabulary of advertising is TEST. If you pre-test your product with consumers, and pre-test your advertising, you will do well in the marketplace.” David Ogilvy

Due to the large budget KJM will pre-test its advertising campaign prior to launching. This helps to identify and correct any weaknesses in the advertising communications strategy. For instance, in case that ambiguity or bias in the message and communicated brand personality are detected they can be amended prior to ‘going live’.

Due to time restraints KJM will be using qualitative market research methods rather than test markets. KJM will show SOUL advertising [TV, Radio and Print] to focus groups to test effectiveness. Group in-depth interviews are conducted which means that a group of respondents will be brought together and a personal interview is conducted simultaneously. The interview relies on group discussion to generate data.

The **AIDA** approach [by E. K. Strong, 1925] to understand how SOUL’s advertising and selling supposedly works is used as a base. The assumption is that the consumer passes through several steps in the influence process. First, **Attention** must be developed [advertising], and be followed by **Interest**, **Desire**, and finally **Action** [purchase]. If focus groups give positive response and show an interest and desire for SOUL as well as stating they would purchase it, the advertising is effective.

7. Campaign evaluation

The following section gives recommendations on how to research effectiveness of SOUL's advertising after the first year running and thereafter in regular periods. Each component of advertising communications strategy has a different monitoring technique that will be used.

During the pre-test stage message research has been used in order to eliminate ineffective advertising. The campaign evaluation will include similar qualitative research by means of *post-testing* and '*usage and attitude studies*'. This assists in determining whether the message achieved its established objectives and to understanding the consumer. For media research KJM will use Magazine audience measurements, Radio audience measurement and Television audience measurements. Attitude measure

Further measurements chosen evaluate effectiveness in terms of *sales volume generated by advertising*. As mentioned earlier, objectives have set precise and quantitative benchmarks of what the presented advertising communications strategy is determined to accomplish. Consequently, results will be compared with standards set through objectives in order to determine whether this advertising strategy accomplished what it was intended to do.

KJM will also use secondary internal data to run graphs [e.g. sales, inquiries etc.] and market share data and monitor competitor actions to execute comparison. This mean of monitoring and tracking will verify what is happening with the product and its marketing process and shows important changes in the environment [e.g. opportunities, threats etc.]

Finally, *consumer panels* will be used to convey depth of trial, repeat purchase and migration analysis and *hidden observation* - to study shopper's movement pattern in store - will be conducted in selected supermarkets to back up the above forms of research.