

Greenland Home Rule
Department of Industry

Export of Greenland Ice and Water Market Survey

Report

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1. INTRODUCTION

Greenland Home Rule has asked NIRAS Greenland A/S and NIRAS Consultants A/S to conduct a market survey as part of the total "Greenland Ice and Water" project.

The market survey serves to provide increased market knowledge with a view to supporting an assessment of whether there is a commercial product and market potential for exporting Greenland ice and water. The survey is limited to bottled drinking water based on tapping from glaciers. However, it is assessed that the results of the market survey could in some contexts be used on other ice and water products from Greenland, if the same unique Greenland characteristics and associations can be ascribed to these products.

At the same time, the survey serves to provide an overview of the investment climate for commercial utilisation of Greenland ice and water resources.

The market survey consists of several part-surveys, and this report sums up the overall results of these surveys. Based on that, the report further gives a number of strategic recommendations on product and marketing.

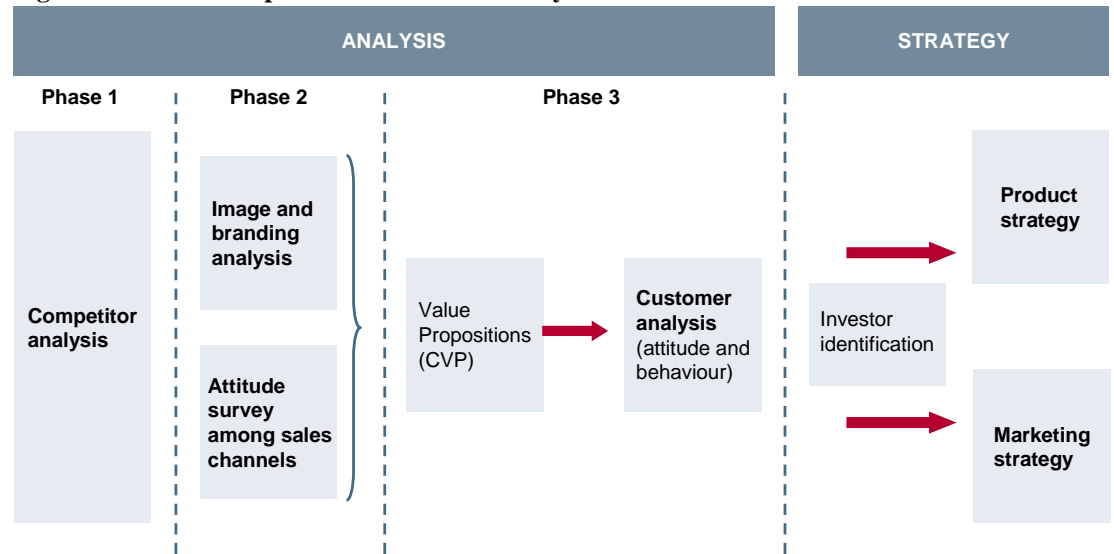
1.1 Approach

The market survey can be divided into two parts: analysis and strategy, where the analysis part provides the basis for decision-making on the strategic product and marketing recommendations. The survey is based on a funnel model. In the first surveys focus is on breadth, whereas it is gradually being narrowed based on the knowledge acquired.

The analysis part is divided into a competitor analysis and an image and branding survey (knowledge survey), which jointly have contributed to the formulation of consumer value propositions (CVP's) for the products. This was followed by a customer survey. The strategy part is based on the results from the analysis part and on investor identification.

The below figure illustrates the various constituent parts and their process interaction.

Figure 1: Constituent parts of the market survey



The market survey has been a dynamic process, and based on the procured knowledge many adjustments have been made in method and design throughout the process. There has been ongoing close dialogue between NIRAS and Greenland Home Rule on developments in the project.

The main results from each constituent element in the market survey are gathered in a number of part-reports that keep the Home Rule updated on the progression and results of the market survey.

This report gathers the main results from the part-analyses and thus presents the overall results of the market survey across the part-analyses. Further, the report provides recommendations on the further product and marketing strategy.

1.2 Report structure

The report consists of 13 chapters. *Chapter 2* contains a summary of the market survey and the strategic recommendations. *Chapter 3* describes the point of departure of the market survey; i.e. the results of assignment 1 – the market and pricing focus –carried through by Greenland Resources (GRAS) as well as the decisions made, partly based on this, prior to the initiation of the market survey.

Further, the report consists of a number of chapters that describe central issues across the various part-surveys.

Chapter 4 briefly describes the market for bottled drinking water and identifies the primary markets for the further market survey.

Chapter 5 presents the potential consumers' knowledge of Greenland, *chapter 6* contains an analysis of the selection criteria of the consumers when buying bot-

tled drinking water, and *chapter 7* is an assessment of the basic concept based on the evaluations of potential consumers and experts.

In *chapter 8* potential consumers' willingness to pay is analysed.

Chapter 9 contains the analysis results of the potential consumers' response to a number of suggested CVP's and sales slogans.

Chapter 10 presents an overall conclusion, whereas *chapter 11* contains the strategic analysis of the report and presents NIRAS' suggestion for the further strategy. The recommendations are made on the basis of the overall results from the market survey and a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).

The report finally has a chapter on method (*chapter 12*), which describes the methods used for data collection in the various phases of analysis and for the various part-analyses.

1.2.1 *The most significant methodical comments*

This report sums up the main results across the individual part-surveys. Prior to reading the report it is important to note the following concerning the methodical approach:

The data material on which the market survey is based consists of partly a desk research (competitor analysis), partly a survey among experts from potential sales channels and finally consumer surveys in two selected countries – the USA (Los Angeles) and Japan (Tokyo) (cf. section 3.3). In these two places two consumer surveys have been conducted – an image and branding survey and an attitude and behaviour survey.

For the consumer survey a number of screening criteria have been set up for participating in the survey, i.e. a number of requirements that the respondents had to meet to participate in the survey. The purpose of the screening criteria has been to capture the segment of potential consumers for the product. The screening criteria have to do with the consumers' knowledge of Greenland, consumption of drinking water and income level.

The selection of respondents based on whether they meet the requirements set up for income level, consumption of bottled drinking water and knowledge of Greenland means that the results are *not* representative of the populations in the areas surveyed (Tokyo and Los Angeles). That means that the results cannot be generalised to embrace the rest of the population.

The survey has been targeted at the segment of potential consumers. This has been done by sending the survey via Internet panels in the two countries only to persons living in the selected areas and having the right income level¹. The initial questions in the questionnaire further ask about consumption of bottled drinking water and the respondent's knowledge of Greenland. Respondents who did not meet the criteria set up for these two variables are not part of the survey.

Furthermore, the screening criteria differed between the two markets (Los Angeles and Tokyo) and between the two surveys in Tokyo. The background for the selection criteria is further described in chapter 12.

Because of the differences in the selection criteria it is not possible to compare the results of the consumer surveys in Tokyo direct, as there will be deviations between the results of the surveys due to the different screening criteria. Differences in the screening criteria also mean that comparisons between the two markets must be made with caution.

Where there are significant deviations between the results of the part-surveys, this is indicated in the text, and – to ensure clarity – sources have been stated for the results of the two consumer surveys – the image and branding survey and the attitude and behaviour survey.

The report starts with a summary, briefly presenting the main conclusions of the report together with strategic recommendations for the further course (chapter 2).

¹ For a small percentage the background information on income will not be correctly updated. These respondents have been filtered out in connection with the implementation of the questionnaire survey.

2. **SUMMARY**

This market survey serves to provide increased market knowledge with a view to supporting an assessment of whether there is a commercial product and market potential for exporting bottled drinking water from Greenland glaciers.

The survey is based on a funnel model. In the first part-surveys focus is on breadth, and the knowledge thus acquired is used to narrow focus in the following part-surveys. The process has thus been dynamic, and a number of adjustments in method and design have consequently been made.

Four part-surveys and a preliminary investor identification have been made. In connection with the part-surveys different data collection methods have been used, including desk research and qualitative and quantitative data collection methods. The surveys aimed at consumers have been targeted at specific consumer segments. As an example, requirements have been made for consumption of bottled drinking water and the degree of knowledge of Greenland. The results of these surveys thus provide information on selected consumer segments.

The results presented in the report have been produced on the basis of an analysis across the individual part-surveys.

Due to the special conditions for producing bottled drinking water from Greenland, it has initially been found to be most appropriate to focus on exclusive products.

The market survey shows that the market for bottled water is growing, including the market for exclusive drinking water products. The exclusive segments grow the most – in absolute and in relative terms – in the USA and Japan, for example. Therefore, these two countries have been selected as a geographic delimitation in the market survey. As part of a further geographic delimitation, the areas in which the potential for selling exclusive drinking water is largest have been identified, and an area in each country has been selected for the market survey. The selected primary areas are Los Angeles and Tokyo.

Potential consumers' knowledge of Greenland is limited. Despite a selection criterion for participation in the surveys based on a minimum knowledge of the

country, only between one fifth and one tenth of the interviewed consumers find that their knowledge of Greenland is good. The limited knowledge is reflected in the attitude of the consumers towards products from Greenland; an attitude which is typically neutral. Their primary associations in connection with Greenland for both markets are “cold” and “ice”.

The three main criteria when choosing product and make in buying bottled drinking water is the product’s origin, its quality (including taste, purity and constituents) and its brand. Furthermore, price is important for the choice of the potential consumers.

The concept of selling bottled drinking water extracted from Greenland inland ice is positively received among experts as well as potential consumers. More than 80 % of the interviewed consumers find the concept appealing. Experts and consumers state that one of the reasons why they assess the product positively is that they combine the product with purity.

Based on the product description, the consumers on the two markets assess bottled drinking water from Greenland to be a premium product. On both markets around half of the respondents assess the product to be a premium product based on the product description (45 % in Los Angeles and 54 % in Tokyo). In Los Angeles a similar share assess the product to be a super premium product, whereas the share in Tokyo is significantly smaller. Based on the product description, only 2.4 % assess the product to be a super premium product.

Like the experts, a large part of the potential consumers in Los Angeles expect a price between 2\$ and 3\$. A large part of the potential consumers in Tokyo expect a price between 120 Yen and 200 Yen, corresponding to between 1\$ and 1.8\$.

As part of the market survey a number of CVP’s (consumer value propositions) and a number of sales slogans have been set up. The preferred CVP’s among the potential consumers contain words such as *pure and original* on both markets. The most preferred sales slogan on both markets is *Greenland Water – the purest on Earth*. Apart from that the sales slogans that are assessed to be best vary much between the two markets. CVP’s as well as sales slogans have a relatively low score on a scale from 1 to 10.

The knowledge acquired through the market survey has formed the basis of a SWOT analysis which has been used to identify future opportunities and applicable strategies for the concept. Based on that a number of recommendations have been made for future producers of the product. These recommendations concern product development, marketing and economy.

The following specific recommendations have been made:

Product development

- Establish contact with distributors of exclusive food products and listen to their advice and guidance
- Define a more specific product –with or without additives, one or more types, etc.?
- Differentiate the product/product from other brands
- If the product has properties such as age or origin that can differentiate it from other products on the market, ensuring a specific product certification should be considered
- Develop an attractive bottle
- Develop an attractive label
- Focus on a product/products in a relatively high price range
- Consumer trends in relation to sustainability should be considered in developing certification and production plans, transport and packing methods

Marketing

- Establish contact with distributors of exclusive food products and listen to their advice and guidance
- Further develop and test CVP's and sales slogans
- Establish contact with local restaurants, cafés and shops with a view to achieving "acceptance" of the product
- Work on creating a strong and lasting brand
- Use "Greenland", purity and conditions that characterise Greenland as a marketing platform
- Tell the good story in the marketing
- Differentiate the marketing/branding strategy between different primary markets

- Use focus groups or the like to test branding, means of communication, packing, etc. in due time before launching the product

Economy

- Examine alternative means of transport and bottling
- Examine the possibilities of using surplus capacity in connection with transport
- Focus on a product/products in a relatively high price range
- Make an overall economic calculation in connection with the considerations about the choice of material for the bottle, comparing additional costs and expected additional sales

3. **STARTING POINT FOR THE MARKET SURVEY**

For this market survey Japan and the USA have been selected as potential export markets. The selection of these two potential export markets is partly based on the results of assignment no. 1 – the market and pricing focus, carried out by Greenland Resources (GRAS).

Based on this survey, conclusions and recommendations included:

- Drinking water of melted-off inland ice in the form of exclusive beverages constitutes one of the most important product categories in the short term
- In the long term, mineral water may have a potential; in particular if the product can be coupled with a USP (Unique Selling Point)
- Spring water with a special chemical composition and/or microbiology is a potential, even though it is considered to be considerably smaller than the other forms of drinking water

On the basis of this it was concluded prior to the market survey that the survey should focus on exclusive beverages in the form of bottled drinking water.

In the analysis made by GRAS an assessment was made of these product categories and the markets which are of particular interest in this connection. The results of the survey are briefly described in the following.

3.1 **The market for bottled drinking water**

Bottled drinking water has seen and still sees a positive global growth. In their analysis, GRAS estimates that market developments in future will mainly take place in the inexpensive part and in the exclusive part of the market. Due to the special production conditions under which Greenland operates, it is assessed that focus should be on the exclusive products.

Exclusive drinking water is estimated to see a positive development on several markets. The former eastern European countries have the highest growth rates in the consumption of bottled drinking water at present. However, these markets only have small exclusive segments. The exclusive segments increase the most –

in absolute and in relative terms –in the USA and Japan and in certain European countries. However, this does not leave out the possibility of other markets, such as China, showing an interest in the longer term.

3.1.1 *Drinking water of melted-off inland ice*

According to GRAS' analysis, drinking water of melted-off inland ice has the potential to become a supreme, exclusive drinking water product. This form of product can make use of the special image combined with Greenland inland ice.

Greenland inland ice is already being marketed in the form of the Canadian *SIKU* vodka. And, according to GRAS there have been specific requests for melted-off inland ice from distributors in the USA, Japan, China, Great Britain and Spain.

3.2 **Market descriptions for similar product**

Bottled drinking water often consists of spring water or mineral water, and these types of bottled drinking water may affect the sale of other types of bottled drinking water, including drinking water of melted-off inland ice.

The below is a brief description of the market for spring water and mineral water. It is necessary to bear in mind that in most countries water from melted-off inland ice does not meet the requirements for these two product types and can, therefore, not be sold as spring or mineral water.

3.2.1 *Spring water*

In recent years, the market for spring water has developed in a direction where the consumers to a greater extent demand exclusive products with a USP. Products such as *Hildon*, *Voss* and *Fiji* have all, slowly but surely, captured market shares in the last three to five years.

It is estimated that there is a market for exclusive products in the USA, with focus on quality rather than quantity. Very recently *Icelandic Glacial* was introduced at the Cannes film festival, and this brand is expected to see a major breakthrough in the USA.

Spring water with a special chemical composition and/or microbiology may be a niche in spring water production. These forms of products may be of interest among the health and food supplement segments and in industry, for example in connection with enzymes.

3.2.2 *Mineral water*

The market for mineral water is highly characterised by inexpensive, locally tapped water. The market is estimated to be generic in the sense that the consumers to a high degree buy what is on the shelves. Most important in order to gain market shares will thus be getting the product to generate earnings for retail.

That mineral water is still estimated to have potential is due to the same considerations that were made for spring water and melted-off inland ice. If the product can be linked with a USP, it has the potential to be launched as an exclusive product. One example of this is the *MaHaLo* brand from Hawaii, which has been very successful on the Japanese market.

3.3 **Selecting potential export markets**

Prior to initiating the market survey two countries were selected as potential export markets. These two countries were the USA and Japan, which both have seen and still see a considerable growth in the exclusive segments. The exclusive segments are estimated to be of greatest interest in connection with beverages based on Greenland ice and water.

However, the USA constitutes a large market, and it was found appropriate to start with limiting the market survey to primary sub-areas. In the same way it was found appropriate to select primary sub-areas in Japan.

4. **MARKET DESCRIPTION**

Prior to introducing a new product it is important to identify the degree to which a market actually exists and whether there is a possibility of entering this market with the product in question.

The starting point for the market survey has been a wish to introduce Greenland drinking water products on the American and Japanese markets. Therefore, these markets have been subject to further surveys.

The description of the markets in the two countries indicates a good potential for successfully introducing a new brand of bottled drinking water. The market is thus characterised as follows:

- The market is growing in the USA as well as Japan
- Experts predict continued growth, also for imported brands
- Particular potential is attached to the large cities in the two countries
- Tokyo in Japan and Los Angeles in the USA constitute good primary markets

These characteristics are further described below.

4.1 **A growing market**

In both countries non-sparkling water constitutes the majority of the sale of bottled drinking water. In the USA, non-sparkling water thus constitutes 93 % of the total volume of bottled drinking water sales. In Japan the share of non-sparkling water is also high, and the sale of non-sparkling water constitutes 66 % of the total volume of bottled drinking water.

In 2005 bottled non-sparkling drinking water saw a growth in sales volume of 12 % in the USA and 10 % in Japan². Both countries have further experienced a

² Source: Euromonitor International Estimates

growth in the sale of imported bottled drinking water brands. At the same time there is fierce competition on the market.

Different firms dominate the market in the two countries. In the USA Nestlé, Coca-Cola and Kelso & Co have the largest market shares, and in Japan Suntory, Kirin Beverages and Coca-Cola have the largest market shares³.

Experts in both countries⁴ state that the growth in bottled drinking water sales is to a high degree owing to an increasing concern about the purity of tap water. In both countries the consumers are increasingly aware of health, including health risks.

Experts in Japan state that the Japanese consumers have shown a nostalgic attitude towards water from "natural" sources, which is believed to contribute to the sale of bottled drinking water from natural sources. In the USA, apart from the worry about the purity of tap water, health, etc., the growth is believed to be due to a number of strong marketing campaigns that have increased the consumers' willingness to buy.

4.2 **Identification of primary markets**

In connection with the market description a priority was to identify primary markets in the two countries. Experts as well as the statistical material indicate that large urban areas constitute the most potential markets for the sale of exclusive bottled drinking water. Specific examples in the description are Los Angeles and New York in the USA and Tokyo and Osaka in Japan.

As the market for these cities in the two countries is expected to be relatively similar, a decision has been made to focus on Los Angeles in the USA and Tokyo in Japan in the further analyses.

4.2.1 *Description of primary markets*

More than half the population in the Keihin region (Tokyo) in Japan consume a bottle of bottled drinking water at least every two weeks (56 %). Of these more than half (54 %) drink bottled drinking water every day or every other day. The consumption of bottled drinking water is related to the income level, meaning that the higher the consumers' income, the more often they drink bottled drinking water.

³ Source: Euromonitor International Estimates

⁴ Based on interviews with experts in the USA (5 experts) and Japan (4 experts), conducted by DMA Research in cooperation with Market Probe International in the USA and Lynes Incorporated in Japan.

In Japan there is generally no tradition for drinking bottled drinking water in restaurants, since tap water in Japan is generally pure and drinkable, and since restaurants typically serve a glass of tap water free of charge. The bottled drinking water is thus most often consumed at home. However, young people typically go to restaurants more often than older people and therefore consume the water here more often than the group of older people, who drink the water at home.

In Los Angeles (the USA) the total consumption of bottled drinking water is also high. The majority of the persons included in the market survey who drink bottled drinking water at least every two weeks, drink bottled drinking water every day or every other day (76 %). The majority (91 %) drink bottled drinking water outside the home (in restaurants etc.). More than half of those who drink bottled drinking water outside the home do so relatively often (at least on every other visit or on one in four visits).

5. **KNOWLEDGE OF GREENLAND**

When a producer wants to introduce a new product, let alone a new brand, on a market, it is essential to have the right marketing strategy.

The consumers must know about the new product. They must know that it exists, and not least the symbols and values attached to the product, since these are contributing factors in their decision to buy a product.

Therefore, it is important to plan a marketing strategy that is based on the consumers' prior knowledge of brand and product and of the keywords that set off the "right" associations in relation to the brand and product.

In marketing bottled drinking water from Greenland inland ice, it is important to be aware of several aspects of the potential consumers' knowledge:

- Potential consumers have limited knowledge of Greenland
- Primary associations in connection with Greenland on both markets are "cold" and "ice"
- The majority of the potential consumers are neutral towards products from Greenland

The interviewed experts agree that (as a result of the consumers' limited knowledge) an effective marketing and branding strategy is decisive for the success of the concept.

The following is a further description of the knowledge of Greenland and a brief description of the assessment made by the interviewed experts of its significance.

The surveys among potential consumers on the two markets include only respondents, who have a minimum knowledge of Greenland⁵. All respondents

⁵ In the other survey among consumers in Japan there is a stricter requirement for knowledge, cf. 12.4.1.

thus as a minimum have a knowledge of Greenland apart from the name. In the light of this selection criterion, the knowledge of Greenland is limited, as can be seen below.

It is the belief of 18 % and 15 %, respectively, of the interviewed consumers in the two surveys in Los Angeles –after persons with no knowledge or only knowledge of the name have been sorted out – that they have a good knowledge of Greenland. The share of the interviewed consumers in Tokyo is even lower: 9 % in the first survey. In the second survey the share is 19 % among potential consumers who indicate that they have medium or good knowledge (cf. 12.4.1 on stricter criteria for knowledge).

In Los Angeles as well as Tokyo, Greenland is less known than for example France, Denmark or New Zealand. In comparison the knowledge of Greenland corresponds fairly to the knowledge of Dubai.

The potential consumers in the market surveys in Los Angeles and Tokyo associate Greenland with ice and cold. In Tokyo too nature/natural is often mentioned. The associations to food and beverages from Greenland differ between the interviewed consumers on the two markets.

In Los Angeles the majority of potential consumers associate products from Greenland with words such as: fish, shellfish, fresh, cold and unique/different, whereas the majority of potential consumers in the survey in Tokyo mention: pure, natural, delicious, cold/ice, healthy.

Cf. chapter 7, the interviewed consumers in the surveys find the concept of bottled drinking water from Greenland inland ice attractive. The product is placed as the second-most attractive product followed by shellfish both in Los Angeles and Tokyo.

On both markets the largest share of the interviewed consumers are neutral towards buying Greenland products. In Los Angeles the share is 55 % and in Tokyo 60 %. The neutral attitude from the majority of the consumers in the surveys can probably be ascribed to the limited knowledge of Greenland.⁶

The majority of the interviewed consumers are neutral towards buying products from Greenland. 39 % of the interviewed consumers in Los Angeles primarily have a positive attitude towards buying imported beverage and food products from Greenland. The potential consumers primarily attribute this attitude to the fact that they do not have a negative impression of Greenland. Among the inter-

⁶ Source: The image and branding survey

viewed consumers in Tokyo 27 % are primarily positive towards buying Greenland products, mainly because they find it interesting and rare and believe that it sounds pure⁷.

The interviewed experts agree that – as a result of the generally poor knowledge of Greenland, and because Greenland at present is not a strong brand – there is a need for an effective marketing strategy if the concept is to be successful (cf. chapter 11). Considering the neutral attitude towards Greenland products displayed by the majority, this should be possible and to an even higher degree, seeing that more persons are positive than negative towards products from Greenland.

⁷ Source: The image and branding survey

6. **SELECTION CRITERIA FOR BUYING BOTTLED DRINKING WATER**

A quite central element in the sale of a product is to get the consumers to choose the brand in question over a competing brand on the market. The purpose of the market survey has thus been to identify the criteria on which potential consumers on the two selected markets place special emphasis in choosing brand when they buy bottled drinking water.

For potential consumers in Los Angeles as well as Tokyo several matters are important for the choice of product and brand. The main criteria for purchase of bottled drinking water can be divided into three categories:

- Product origin
- Product quality, including taste, purity and components
- Product brand

There are significant similarities between the potential consumers' criteria for buying bottled drinking water on the two markets, but there are a number of differences as well. The following sections describe the selection criteria which form the basis of the potential consumers' product choice.

6.1 **Product origin**

The place of origin varies between the interviewed consumers on the two markets and in respect of whether the interviewed consumers are to choose between bottled drinking water products or choose a new product. For the interviewed consumers on the two markets and for both aspects of the choice of consumption, the water's place of origin is significant compared with other factors, however.

On choosing a bottled drinking water product in general, 59 % of the consumers in the market survey in Los Angeles are considering the place of origin of the

water. The same goes for 36 % of the consumers in the market survey in Tokyo⁸.

On buying a new brand of bottled drinking water 27 % of the consumers in the market survey in Los Angeles indicate the place of origin as an important factor. In Tokyo, on the other hand, 47 % state place of origin as an important factor on choosing a new brand⁹.

These statements about selection criteria on choosing a new brand deviate somewhat from the statements as to what the consumers are looking for when choosing bottled drinking water in general. One of the differences is the method of asking, which differs in the two surveys, or for Tokyo the methodical differences in the two surveys (cf. chapter 12). For both aspects – choice of drinking water product in general and significant factors when buying a new product – relatively great importance is ascribed to the place of origin compared with other factors.

6.2 **Product quality**

Like place of origin, great importance is placed on the quality of the water. In this respect quality means factors such as the taste, purity, components, etc. of the water.

The majority of the consumers in the market survey in Tokyo find the purity of the water important when buying bottled drinking water – 55 % thus reply that when buying bottled drinking water they try to choose the “purest” brand. That is more than the share of consumers in the survey who find the place of origin important. The consumers in Los Angeles thus find the purity of the water important as well – 54 % indicate that they try to choose the “purest” brand, which is a little fewer than the share of consumers who find the place of origin important when choosing brand¹⁰.

The potential consumers in both Los Angeles and Tokyo find the taste of the water important. In Tokyo 51 % of the interviewed consumers in the market survey believe that the taste of the water is an important factor in choosing a new brand of bottled drinking water. In this context, 35 % find the hardness (soft or hard water) and 33 % its components important. According to experts Japanese consumers generally prefer soft water over hard water. Therefore, hard water is often sold with an added value such as being extra healthy¹¹.

⁸ Source: The image and branding survey

⁹ Source: The attitude and behaviour survey

¹⁰ Source: The image and branding survey

¹¹ Source: The attitude and behaviour survey

The interviewed consumers in the market survey in Los Angeles also find taste to be an important criterion when buying a new brand. Half (49 %) thus state that taste is an important factor. Also its purity or cleaning process (15 %) and its components (15 %) are emphasised. According to the experts interviewed the consumers in Los Angeles prefer a clean taste with a low mineral content¹².

Quality, including taste and purity, is very important for the potential consumers in their choice of brand when buying bottled drinking water. In Japan the experts interviewed further point out that the consumers' focus on quality and a concern about food safety mean that quality control in the production line is highly important.

6.3 **Product brand**

Apart from the product's quality and place of origin, its brand is important for the choice of the potential consumers.

45 % of the interviewed consumers in Tokyo thus mention brand name as a factor in the choice of product. In the same way, 26 % of the interviewed consumers in Los Angeles mention factors concerning the company behind the product, including brand (16 %), knowledge of the company and/or brand (4 %) and the company's reputation (4 %). 39 % of the potential consumers in Los Angeles further emphasise aspects of the product's packing, such as the size of the bottle, how easy it is to open, design and overall appearance, as important factors in their choice of a new brand of bottled drinking water¹³.

There is a certain difference between the interviewed consumers in Los Angeles and Tokyo, respectively, as regards how loyal they are to a brand – both places, however, under half are loyal. The consumers in Tokyo are thus more loyal towards a brand than the consumers in Los Angeles. In Tokyo 35 % typically buy the same brand every time, whereas this only applies to 25 % in Los Angeles.

The consumers' degree of loyalty may be important for the potential of successfully launching a new brand. A smaller degree of loyalty means that it can be easier to introduce a new brand, since the consumers will be relatively open towards trying the new brand as opposed to consumers with a high degree of loyalty towards a brand. On the other hand these consumers are more faithless in their consumer habits, which can make it difficult to maintain this type as permanent consumers of the product.

¹² Source: The attitude and behaviour survey

¹³ Source: The attitude and behaviour survey

6.4 **Product price**

The price, too, is important for the potential consumers' choice of product brand. 31 % in Tokyo and 26 % in Los Angeles thus indicate that they normally buy the cheapest brand available¹⁴.

Among the experts asked to assess the concept, price is also mentioned as a criterion for success, since, according to the experts, it is a contributing factor to selecting the specific brand. It is therefore important that the product is correctly priced.

The consumers' price expectations, including their willingness to pay for a product, as described in the concept of bottled drinking water from Greenland, are described in more detail in chapter 8.

¹⁴ Source: The image and branding survey

7. **ASSESSMENT OF CONCEPT**

It is one thing to believe that a concept is good and lasting. Something else is the extent to which the potential consumers and experts on the intended markets agree on the producer's own assessment of the concept. At the end of the day the key to the success of a concept lies with the consumers' purchase decisions.

A central element in the market survey has therefore been to examine the assessment of the idea of selling water from Greenland inland ice in the form of exclusive, bottled drinking water. Potential consumers from the two markets and experts from the two countries have thus in their separate surveys been asked to give their assessment of the product: bottled drinking water from Greenland inland ice. The assessments are positive from the two target groups on both markets.

- More than 80 % of the interviewed consumers find the idea of bottled drinking water from Greenland inland ice attractive
- Experts in both countries express predominantly positive attitudes to the concept
- Experts as well as potential consumers back up their positive assessment with associations to purity, among other things

7.1 **Assessment by potential consumers**

The concept of extracting drinking water from Greenland inland ice with a view to selling it as bottled drinking water is received positively by the potential consumers in both Los Angeles and Tokyo.

More than eight out of ten of the potential consumers on the two markets surveyed find the product concept attractive.

In Los Angeles 87 % and 82 %, respectively, of the consumers in the two surveys (image and branding survey and attitude and behaviour survey) find the concept attractive.

In Tokyo 86 % and 84 %, respectively, of the consumers in the two surveys find the concept attractive.

The interviewed consumers in both Tokyo and Los Angeles place bottled drinking water from Greenland inland ice as the second-most attractive product from Greenland, only to be exceeded by shellfish, which is already a known Greenland product¹⁵.

The primary explanation given by the interviewed consumers of their positive assessment of the product is, for Los Angeles as well as Tokyo, that they connect it with "purity" and a "clean image". This is to be seen in the context that the consumers' choice of bottled drinking water is made on the basis of the purity of the water, among other things.

As described in chapter 5, the majority of the interviewed consumers have a limited knowledge of Greenland. This is also reflected in their attitude towards Greenland products in general, which the majority find neither positive nor negative.

7.2 **Assessment by experts**

Not only do the potential consumers assess the concept of bottled drinking water from Greenland inland ice positively. Experts in both countries also see the potential of a successful introduction as good.

In Los Angeles the experts interviewed assess the concept to be attractive, and several of them assess it to be even very attractive. The positive assessment is based on a perception of water from Greenland inland ice, which according to the experts sound cleaner than local water and which is connected with something natural. Another reason given for the positive assessment is that the market for bottled drinking water is good. Bottled drinking water sells well in Los Angeles, and the experts further find that the concept contains a good marketing element, since the product's connection with inland ice seems catchy. In Japan the experts also assess the product concept to be attractive, even though the assessment is not quite as positive as that of the Los Angeles experts. One explanation could be that the market for bottled drinking water in Japan is under more pressure than in the USA and that Greenland is a less known brand than competitors such as Evian or Volvic (cf. chapter 5).

In both countries the experts believe that the product has the potential of success. However, it is the view among the experts in Japan that the price will be a decisive factor, since, as said, the Japanese market for bottled drinking water is

¹⁵ Source: The image and branding survey

characterised by fierce competition. However, experts in both countries agree that bottled drinking water from Greenland inland ice has the potential of becoming successful both as a premium and a super-premium brand.

8. WILLINGNESS TO PAY

As described in two of the preceding chapters (chapters 5 and 7), the price of a product is significant for the willingness of potential consumers to buy and thus for the success of the product.

The pricing of a product is to be seen in the context of its positioning in relation to the other products on the market. It is therefore important whether the bottled drinking water from Greenland is to be sold as a premium or super-premium brand.

The market survey shows that the potential consumers on the two markets expect the described product to be a premium product. However, there is a certain variety between the two markets, since 45 % of the interviewed consumers in Los Angeles perceive of the product as premium, whereas the same goes for 54 % of the interviewed consumers on the market for drinking water in Tokyo. 45 % of the consumers in the survey in Los Angeles further perceive of the product as super premium, whereas the same is the case for only 2.4 % of the consumers in the survey in the Tokyo area¹⁶.

The potential consumers' expectations as to the price of half a litre of bottled drinking water on the Los Angeles market are¹⁷:

- 50 % expect a price of more than 2.00\$
- 14 % expect a price between 3.00\$ and 3.99\$

This is very well in line with the assessment from the experts interviewed, who assess that the product can be sold at a price between 2.00\$ and 3.00\$.

The expectations of the potential consumers as to the price of half a litre of bottled drinking water on the Tokyo market are¹⁸:

¹⁶ Source: The image and branding survey

¹⁷ Source: The image and branding survey

¹⁸ Source: The image and branding survey

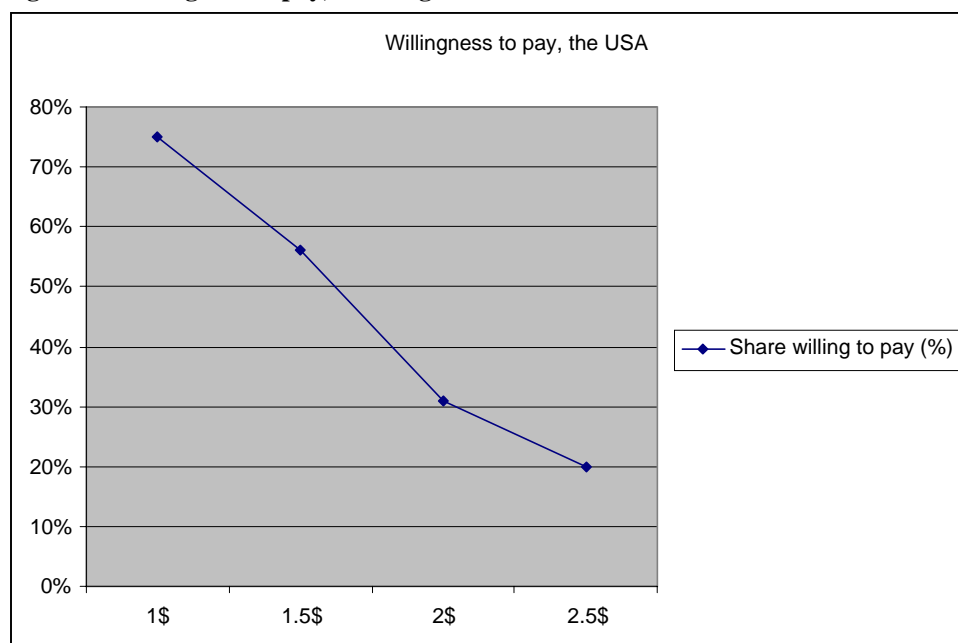
- 66 % expect a price of more than 120 Yen (approx. 1\$)
- 24 % expect a price between 150 Yen and 200 Yen (approx. 1.3\$-1.8\$)
- 8 % expect a price between 200 Yen and 500 Yen (1.8\$-4.5\$)

Here, too, there is a fine agreement between the consumers' expected price and the assessment by the experts interviewed of a saleable price for half a litre of bottled drinking water from Greenland inland ice. The experts thus assess that the price could be between 150 Yen and 200 Yen (approx. 1.3\$-1.8\$).

One thing is the price expected by the potential consumers for a product. Something else is whether they are willing to pay the expected price.

The market survey shows that the demand of the interviewed consumers on the Los Angeles market for the product described is, not surprisingly, larger the lower the price is. 75 % of the interviewed consumers are thus willing to buy when the price is 1.00\$, whereas 56 % are willing to buy at a price of 1.50\$. Almost a third are willing to buy the product described at a price of 2.00\$. At a price of 2.50\$ about one third are still willing to pay¹⁹. The below figure illustrates the willingness to pay²⁰.

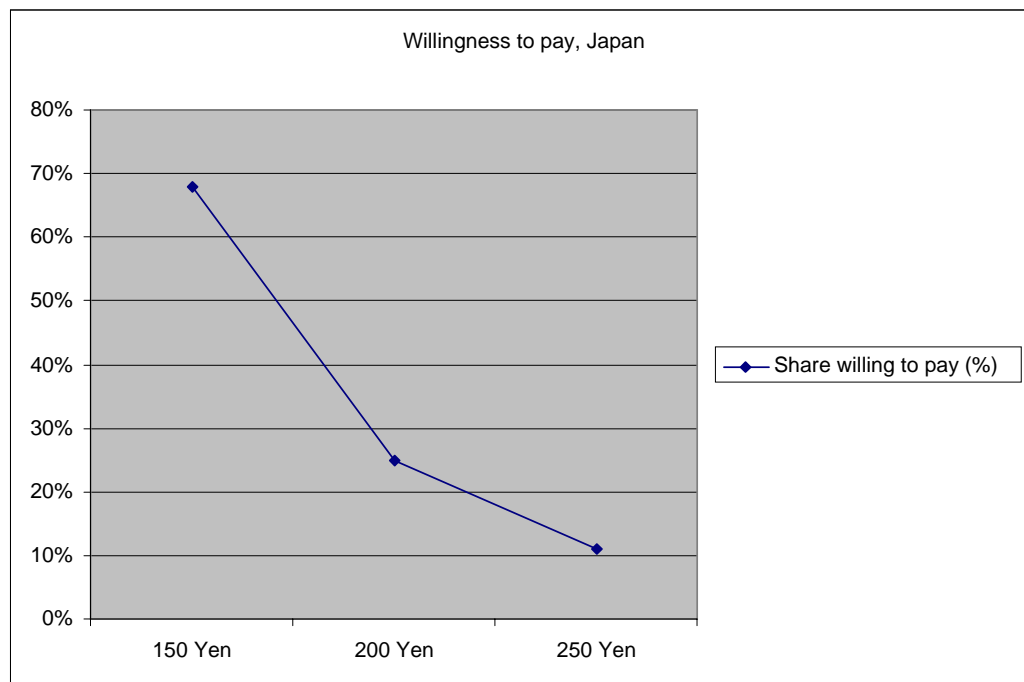
Figure 2: Willingness to pay, Los Angeles



¹⁹ Source: The attitude and behaviour survey

On the Tokyo market as well price is important for the willingness to buy. 68 % of the interviewed consumers thus indicate that they are willing to buy the product at a price of 150 Yen (1.3\$). Whereas 25 % are willing to buy the product at a price of 200 Yen (1.8\$), 40 % are not certain at this price. If the price increases to 250 Yen (2.2\$) for half a litre of bottled water, 11 % are willing to pay²¹. The below figure illustrates the willingness to pay among the interviewed consumers in Tokyo.²²

Figure 3: Willingness to pay, Tokyo



²⁰ Please note that only the dots in the figure indicate something about the consumers' willingness to pay, not the lines. There is no basis in the survey for estimating the willingness to pay between the dots.

²¹ Source: The attitude and behaviour survey

²² Please note that only the dots in the figure indicate something about the consumers' willingness to pay, not the lines. There is no basis in the survey for estimating the willingness to pay between the dots.

9. ASSESSMENT OF CVP'S AND SALES SLOGANS

On any product market today there is fierce competition for the favour of the consumers. It is therefore important that the optimal market position for a new product is identified with a view to reaching the consumers who make decisions to buy on this product market within very few seconds.

It is therefore necessary to find as attractive CVP's (Customer Value Propositions) as at all possible for Greenland bottled drinking water. At the same time it is important to find good and effective sales slogans.

Based on i.e. the results of the first three part-surveys, proposals have thus, as part of the market survey, been made for 11 CVP's and ten potential sales slogans.

A number of potential consumers from the two primary markets have subsequently been asked to assess CVP's and sales slogans²³.

The survey shows that:

- The preferred CVP's contain words such as *pure* and *original* on both markets (in Los Angeles also *nature*)
- The most preferred slogan among the interviewed consumers on both markets is: *Greenland Water – the purest on Earth*

The results are described in more detail in the below sections.

9.1 Assessment of CVP's

The 11 CVP's below were selected in order to identify the best market position for the product. Please note that no examination has been made of whether the CVP's set up are already protected by copyright.

²³ Source: The attitude and behaviour survey

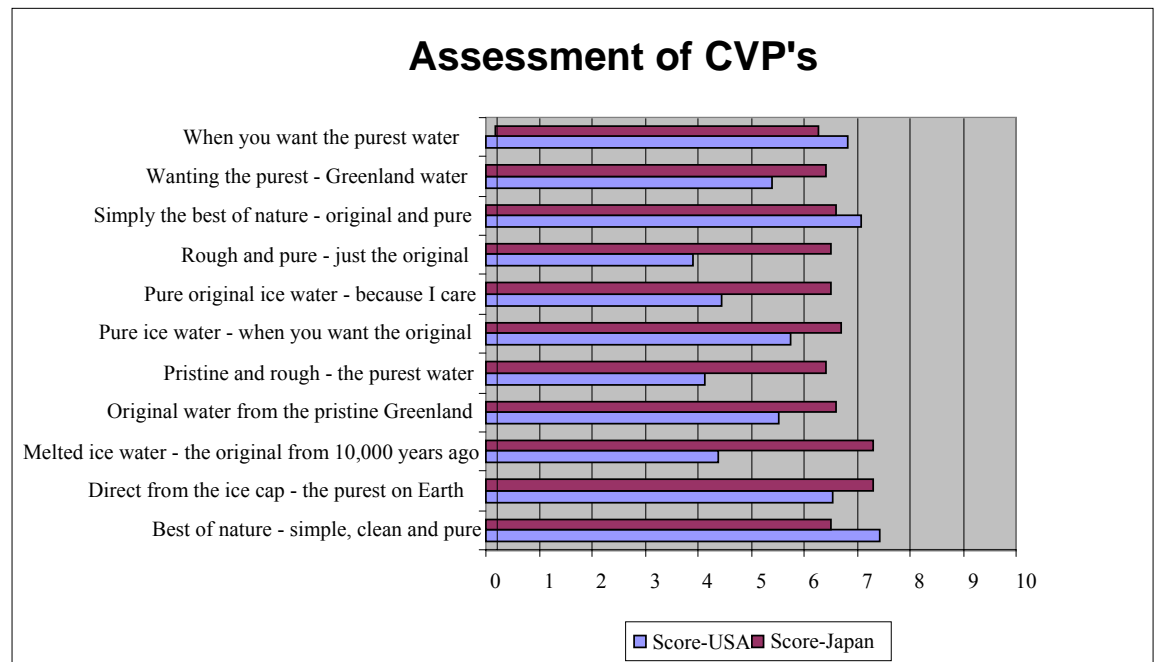
Table 1: CVP's

Direct from the ice cap – the purest on Earth
Melted ice water – the original from 10,000 years ago
Original water from the pristine Greenland
Pristine and rough – the purest water
Pure ice water – when you want the original
Pure original ice water – because in care
Rough and pure – just the original
Simply the best of nature – original and pure
Wanting the purest – Greenland water
When you want the purest water

Potential consumers on the two primary markets were subsequently asked to indicate on a scale from one to ten the extent to which they found the product descriptions attractive.

As can be seen from the below figure, there is a difference between the assessments of the 11 CVP's on the two market areas.

Figure 4: Assessment of CVP's, Los Angeles and Tokyo



The consumers in Los Angeles find the following three CVP's most attractive (the score is indicated in brackets after each CVP):

- Best of nature – simple, clean and pure (7.4)
- Simply the best of nature – original and pure (7.1)
- When you want the purest water (6.6)

The third CVP – When you want the purest water – is assessed as the *least* attractive by the potential consumers in Tokyo.

In Tokyo the consumers find the following three CVP's most attractive:

- Melted ice water – the original from 10,000 years ago (7.4)
- Direct from the ice cap – the purest on Earth (7.3)
- Pure ice water – when you want the original (6.7)

The third-most attractive CVP for the consumers in Tokyo is considered the *third-least* attractive CVP among the potential consumers in Los Angeles.

It is common for the consumers' assessments that the CVP's that are found most attractive on the two markets all contain concepts such as *pure* or *original*. On

neither market the 11 selected CVP's have a high score – the highest score among potential consumers is 7.4 for both markets.

9.2 **Assessment of sales slogans**

Apart from the 11 CVP's ten potential sales slogans have been formulated for Greenland bottled drinking water. No examination has been made of whether the sales slogans set up are already protected by copyright.

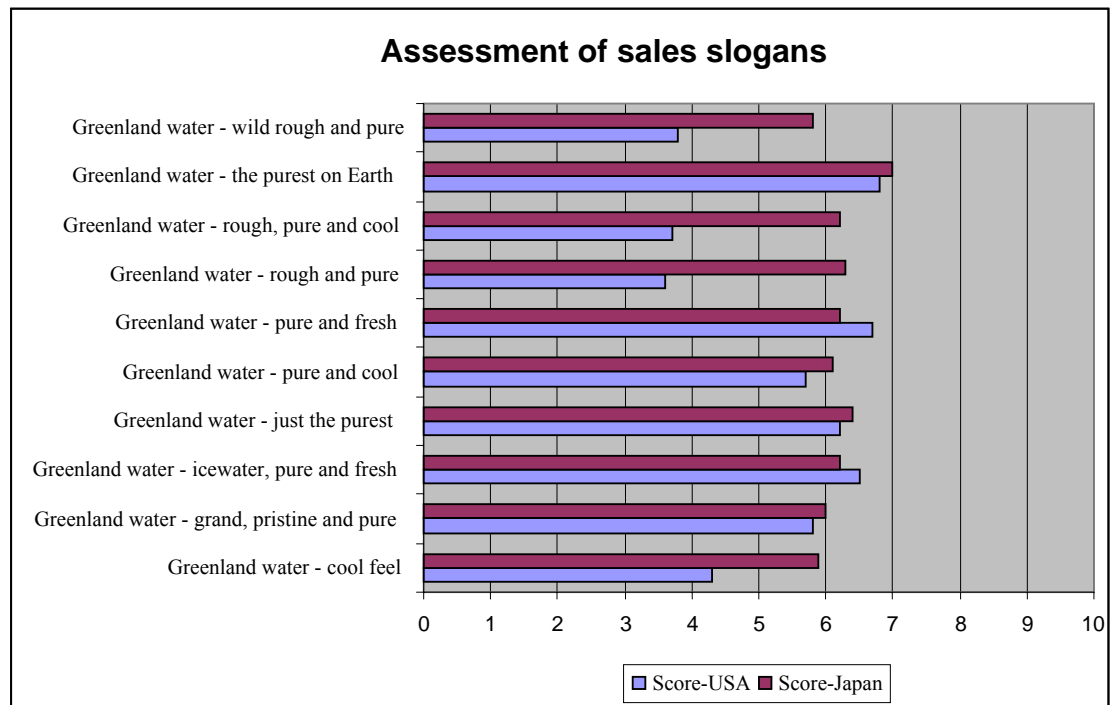
The ten sales slogans are:

Table 2: Sales slogans

Greenland water – grand, pristine and pure
Greenland water – ice water, pure and fresh
Greenland water – just the purest
Greenland water – pure and cool
Greenland water – pure and fresh
Greenland water – rough and pure
Greenland water – rough, pure and cool
Greenland water – the purest on Earth
Greenland water – wild rough and pure

The consumers on the two markets find the same sales slogan most attractive. According to the interviewed consumers, the most attractive sales slogan on both primary markets is: *Greenland water – the purest on Earth*. The slogan has a score of 6.8 in Los Angeles and 7 in Tokyo.

Figure 5: Assessment of sales slogans, Los Angeles and Tokyo



In Los Angeles the following slogans are the most attractive sales slogans according to the interviewed consumers in the market survey:

- Greenland water – pure and fresh
- Greenland water – ice water, pure and fresh

In Tokyo they are:

- Greenland water – just the purest
- Greenland water – rough and pure

On neither market the most attractive sales slogan has a very high score.

10. CONCLUSION

This market survey serves to provide increased market knowledge with a view to supporting an assessment of whether there is a commercial product and market potential for exporting bottled drinking water from Greenland glaciers.

The survey is based on a funnel model where focus is gradually being narrowed based on the knowledge acquired.

The market survey is based on different methods, including desk research, questionnaire surveys and personal interviews, and can be separated into an analysis part and a strategy part. The analysis part provides the basis for decision-making for the strategic product and marketing recommendations.

The initial surveys showed that the market for bottled water is growing, including the market for exclusive drinking water products. The exclusive segments grow the most – in absolute and in relative terms – in the USA and Japan, among other countries. Therefore, these two countries have been selected as a geographic delimitation in the market survey. As part of a further geographic delimitation, the areas in which the potential for selling exclusive drinking water is largest have been identified, and an area in each country has been selected for conducting the market survey. The selected primary areas are Los Angeles and Tokyo.

Based on this, a number of analyses have been made of the image and branding strength of Greenland and the concept as well as attitude surveys with both experts from potential sales channels and potential consumers. Further, the behaviour of the potential consumers in relation to buying bottled drinking water has been analysed. In the data collection in connection with the part-surveys various methods have been used, including desk research and qualitative and quantitative data collection methods.

The results presented in this report have been produced on the basis of an analysis across the individual part-surveys. This conclusion sums up the analysis part and the basis for decision-making, whereas the recommendations for the future strategy are presented in the next chapter.

The interviewed consumers and representatives from potential sales channels (experts) assess the concept for bottled drinking water from Greenland inland ice positively. More than 80 % of the interviewed consumers find the concept attractive.

However, the knowledge of Greenland must be considered relatively limited. Despite a selection criterion for participation in the surveys based on a minimum knowledge of the country, only between one fifth and one tenth of the potential consumers find that they have a good knowledge of Greenland. The limited knowledge is reflected in the consumers' attitude towards buying products from Greenland; an attitude which is typically neutral.

The limited knowledge of Greenland and the consumers' neutral attitude towards buying Greenland products indicate that it is necessary to launch an effective marketing strategy with a view to creating a strong brand prior to or in connection with marketing the product. The limited knowledge of Greenland means that the product's origin in Greenland cannot directly, that is without marketing and branding, drive a sale of the new product.

The three main criteria for choosing product and label when buying bottled drinking water are the product's origin, its quality (including taste, purity and constituents) and its brand. Furthermore, price is important for the potential consumers' choice.

The importance ascribed to brand when choosing a product emphasises the need to try to establish a strong brand in connection with launching the product. Because the distinctive characteristic of the product is very much due to its place of origin, and because the origin of the product constitutes an important criterion for the potential consumers' choice of product, there is an indication that focus in building up a brand should be on place of origin, i.e. Greenland and the inland ice and the associations the consumers thus get. The creation of a strong brand attached to, for example, the place of origin in connection with a bottled drinking water product will also be usable in other production contexts.

The interviewed consumers as well as the experts indicate as a reason for their positive assessments of the concept that it sounds pure. Purity is, further, part of the assessment of quality, and the perception of the purity of the product is thus decisive for the choice of the interviewed consumers when buying bottled drinking water. The consumers in the market survey thus in advance associate the product with a parameter that is of importance for their choice of bottled water. This could profitably be used in a marketing context.

The majority of the interviewed consumers in the two areas studied are not loyal towards a brand. That means that there are good chances for introducing a new brand on the market. However, it is not easy to maintain a permanent customer base, which underlines the importance of marketing the product intensively and repeatedly.

The market survey has shown that the concept has a resonance for potential consumers as well as experts. The potential consumers' expectation when being presented with the concept is that the product will be an exclusive drinking water product. A large part of the potential consumers on the two markets expect bottled drinking water from Greenland to be a premium product (45 % to 55 %). The share of potential consumers who expect the product to be a super premium product is considerably larger in Los Angeles than in Tokyo (45 % and 2.4 %, respectively).

The potential consumers' expectations for the exclusivity of the product are reflected in their expectations for price. Like the experts, a large part of the interviewed consumers in Los Angeles expect a price of between 2\$ and 3\$. A large part of the interviewed consumers in the Tokyo area expect a price between 120 Yen and 200 Yen, corresponding to between 1\$ and 1.8\$. The final pricing depends on whether the product is marketed as a premium or a super premium product.

Based on the information about the potential consumers' criteria when choosing brand and their associations in connection with Greenland and bottled drinking water from Greenland, a number of CVP's (Consumer Value Propositions) and a number of sales slogans have been prepared.

The preferred CVP's among the potential consumers differ on the two markets. However, on both markets they contain words such as *pure and original*. The most preferred sales slogan on both markets is *Greenland Water – the purest on Earth*. The sales slogans that are further assessed to be best vary much between the two markets. CVP's as well as sales slogans have a relatively low score on a scale from 1 to 10. The low scores on the scale (no CVP's score more than 8, and no selected sales slogans score more than 7) indicate a need to further develop these. At the same time, the varying results for CVP's and sales slogans between the two markets indicate a need to target CVP's and sales slogans specifically to the individual country. It thus seems that it can be of decisive importance that the marketing strategy is targeted to the individual markets.

The following chapter presents a number of recommendations for the further process. The recommendations are made on the basis of a SWOT analysis. The chapter thus contains the strategic part of the market survey.

11. FUTURE STRATEGY

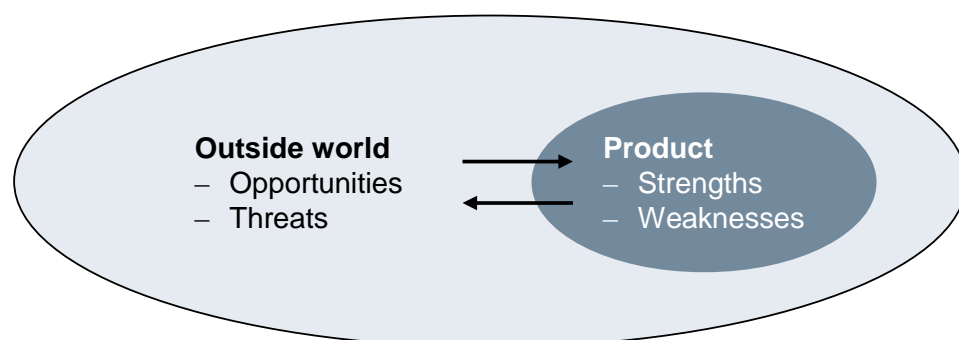
This chapter identifies a number of strategic opportunities for the project. The identification is based on the results presented in the previous chapters, which are analysed via a SWOT analysis. The results of this analysis are presented below, followed by a presentation of the identified strategic opportunities.

Based on the SWOT analysis, including the identification of strategic opportunities, a number of recommendations for the further project process have been made. The recommendations can be seen in section 11.3.

11.1 SWOT analysis

SWOT is an abbreviation of the words Strengths, Weaknesses, Opportunities and Threats. The method relates the “existing internal resources” of the concept to its position in the surrounding environment. Strengths and weaknesses are based on the characteristics of the product, whereas the effect of the surroundings on the product is in focus on assessing opportunities and threats, cf. the below figure. The statements are ”objective” as far as possible.

Figure 6: Relation between opportunities and threats and strengths and weaknesses



On the whole the relation between the product’s strengths and weaknesses and its opportunities and threats from the outside world gives a good overview of the current competitive position of the product and the strategic options associated herewith.

The following is a discussion of the product's strengths and weaknesses as well as opportunities and threats in the outside world for the concept for bottled drinking water from Greenland.

11.1.1 *Strengths and weaknesses of the product*

The market surveys have rendered visible a number of strengths and weaknesses in the product concept for bottled drinking water from Greenland. These are presented in the following.

11.1.1.1 *Strengths*

Bottled drinking water has a broad potential customer base. Consumers of all ages and of both genders buy bottled drinking water. Further, the product appeals to a broad range of consumers, which provides good opportunities for differentiating the product and for marketing specifically towards different target groups. At the same time the sale of the product is not isolated to taking place on the markets in Los Angeles and Tokyo, which are the focus of the market survey. Other markets such as Western Europe and China also make up potential markets for selling the product.

On a market characterised by fierce competition it is an advantage to be able to differentiate a product from those of the competitors. Bottled drinking water extracted from Greenland inland ice differs from other similar products. Among the reasons are the untraditional source of extraction and the good story connected with it. This means that the product is unique and can probably be sold as a niche product. The possibility of selling the product as a niche product is strengthened by the generally large demand for products that can be tied to a unique selling point (USP).

In relation to this the market surveys show that Greenland as well as the concept as such give positive associations for the interviewed consumers. The associations can further be used in a marketing context, since several of the associations are in agreement with a number of aspects such as *pure* and *natural*, which is important for the interviewed consumers' choice of brand when they are buying bottled drinking water.

Another strength in the product is that it can be tied to a good story. First and foremost, the water has a long and interesting history. The inland ice is also connected with an indigenous harmonious people communing with nature and with an area with a rich animal life. These good stories can form the basis of good visual images. The stories can be used in a marketing context and contribute to creating a brand and a positive image around the product and to make it easy for the consumers to remember. The characteristic of the product is in itself a good starting point for creating an easily recognizable and positive image.

As for production, the product is strong in that there is a reliable supply of the product content – the water – which is intended to be extracted from the inland ice.

The first tests of the mineral content of the water have further shown that there is a low mineral content in the water. This is in accordance with the wishes of the interviewed consumers in both the USA and Japan, since these consumers prefer soft water over hard water which contains more minerals. The product thus seems to meet some of the requirements that the consumers make for the taste of this type of product.

11.1.1.2 *Weaknesses*

The market analyses have also rendered visible a number of weaknesses in the product and the product concept.

Given the water's place of origin, the production may be associated with large costs, as, for example, it takes many resources to transport the water. A precondition for the concept to be profitable is, therefore, that it must be saleable at a relatively high price.

Samples of water from four glaciers have shown a raised content of suspended material and a slightly raised content of ammonium and phosphates. This may be because of the method of taking samples of ice and because new samples are taken from a glacier in 2008. However, the content of suspended material is not considered a significant problem, as it can be removed by filtration without being to the detriment of the water quality or the possibilities of certification. However, it may lead to increased production costs.

Another weakness of the product is that as a starting point there is no strong brand for the product to "lean on" and thereby get access to the consumers' awareness. Neither is there a sales network or sales channel that can help the product along at present.

It must further be characterised as a weakness that in an investor-relations context there is a present no clarity as regards production terms and possibilities.

11.1.2 *Opportunities and threats in the outside world*

In the world outside of the product a number of opportunities and threats can be identified for the concept.

11.1.2.1 *Opportunities*

The continued growth in the sale of bottled drinking water, including growth in the sale of exclusive products, provides good conditions for introducing a new product on the market.

At the same time it indicates that there are good chances of finding investors, since already at present several investors have shown an interest in the concept (according to GRAS).

The possibility of introducing the product on the market for bottled drinking water is enhanced by the fact that the potential consumers, according to the results of the market survey, are not brand-loyal. This means that they do not stick to one brand when buying bottled drinking water. It will thus be relatively easy to get the consumers to try a new product and a new brand.

At the same time there are good opportunities for selling a bottled drinking water product as exclusive, since the interviewed consumers in the market survey display a relatively great willingness to pay for the specific product.

A number of existing trends among consumers also create good opportunities. First, there is an increased focus on health among the consumers which contributes to a growth in the sale of mineral water, and which together with an increased focus on what is pure and natural agrees very well with the associations that the consumers get when they are presented with the concept. The consumers are generally getting more and more aware of the stories bound up with the product, including environmental and cultural sustainability, the original, the traditional, etc. This is also a trend that can be utilised in the sale of bottled drinking water from Greenland, where the consumers can achieve a feeling of personal satisfaction (warm glow) when buying the product.

11.1.2.2 *Threats*

In the characteristics of the outside world we do not solely see opportunities. A number of threats to the product can be identified as well.

As a result of the geographical location of Greenland an introduction of the product will be connected with long transport. This collides with an increasing environmental awareness with the consumers, as the long transport will mean a relatively high score in the CO₂-accounts compared with local products. The increasing environmental considerations can also be of significance to the sale of bottled drinking water, in particular if the packing is not eco-friendly, or if the product becomes “victim” to the actions of the consumers in connection with an environmentally conscious lifestyle.

A brand connected with place of origin and purity is, further, vulnerable to environmental disasters or pollution in the geographic proximity of the place of origin, even though a potential pollution does not affect the product source.

Despite the fact that certain characteristics can be connected with the product, it is still a relatively simple product which consumers could easily relate to and compare with other products (substitutes). These products are partly ordinary bottled water, partly bottled water tapped from unique sources, such as Icelandic Glacial. Competition is thus very fierce. At the same time the market sees a number of large, experienced competitors and many brands. Furthermore, since the customers are not loyal towards a brand, it may be difficult to maintain a stable customer base.

The sale of an exclusive product at a relatively high price is, further, particularly vulnerable if there is an economic recession. In such a situation the consumers' willingness and ability to pay drop, which will put the sale of exclusive products under pressure, particularly where they can be replaced by similar, less expensive products.

11.1.3 *Summing up of the SWOT analysis*

The strengths and weaknesses identified for the product/concept and the opportunities and threats in the outside world are summed up in the below table.

Table 3: SWOT analysis

Internal	
<p>Strengths</p> <ul style="list-style-type: none"> Unique product Broad potential customer base Easily recognisable image Reliable supply The product has a history The product does not depend on market segment/flexible product 	<p>Weaknesses</p> <ul style="list-style-type: none"> The product is not known/weak brand Quality of the water Lack of sales network Uncertainty about production costs – probably high
External	
<p>Opportunities</p> <ul style="list-style-type: none"> Still increasing demand for bottled water Focus on health Several new potential markets Customers willing to try new products Trend for purity, the history of indigenous people Great willingness to pay Increased focus on contributions to charitable purposes/indigenous people 	<p>Threats</p> <ul style="list-style-type: none"> Many substitutes Many large competitors Difficult to maintain customers Increasing awareness of the environment with the consumers (CO₂) The customers are not loyal Economic recession Vulnerable in case of pollution

11.2 Strategic opportunities

Based on the statements about the positive and negative resources of the product and its position in relation to the outside world (pros and cons), a SWOT matrix has been formed.

The SWOT matrix compares the statements for the outside factors (opportunities and threats) with the statements for the internal factors (strengths and weaknesses) and helps identify the strategic opportunities (cf. Table 4).

As an example, weaknesses in the product are compared with the opportunities in the outside world with a view to assessing how to utilise the opportunities so as to reduce or eliminate the weaknesses. One weakness in the product, for example, is the high transport costs. However, the analysis has shown that the potential consumers are willing to pay a high price. Selling the water at a high price reduces the significance of the high transport costs.

The strategic opportunities are shown in the below table.

Table 4: SWOT matrix

		Internal	
		Strengths	Weaknesses
		Broad customer base Product with a history Easily recognisable image Flexible product	Potential consumers are typically not loyal Quality Weak brand High transport and production costs Uncertainty about investment costs Lack of sales network
External	Opportunities Increasing demand Focus on health Customers not loyal Great willingness to pay	Focus on the good and unique story in connection with marketing Utilise the consumers' focus on health Utilise the good visual impression that is associated with the product Product differentiation	Focus on the good and unique story in connection with marketing Utilise the consumers' focus on health Sell the product at the highest possible price in relation to sales volume Contact existing producers with an established distribution channel
	Threats Increasing environmental considerations (CO ₂) Competition Substitutes	Focus on the good and unique story in connection with marketing Profile on the easily recognisable image Utilise surplus capacity in connection with transport	Large-scale marketing which is regularly repeated Create a brand Examine alternative transport/"tapping" possibilities such as tapping in the country of consumption

	Consumers are not loyal	Product differentiation	Contact existing producers with an established distribution channel
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The strategic opportunities in the SWOT matrix can be divided into three general categories:

- Economic conditions
- Product development
- Marketing

Based on this and on the results of the market survey a number of recommendations have been made for the further process.

11.3 **Recommendations for future producers**

The following is a presentation of the recommendations for the further process for developing and working on the market-related part of the Greenland ice and water project.

A number of recommendations have been made for future producers of a bottled drinking water product consisting of water melted out of the Greenland inland ice. At this point in the project there is still much in the concept to clarify and develop. Therefore, part of the recommendations for future producers has to do with where to focus in this development work. Therefore, a number of recommendations have been made, connected partly with the actual product development, partly with the marketing of the product. Also, a number of recommendations have been made on aspects of the production that are of a more economic nature.

A number of recommendations on these matters are presented below. It will be possible to communicate the recommendations as part of the information basis to potential investors/producers.

11.3.1.1 *Product development*

It should be considered how the final product should be. Several considerations are in play: Should it be with or without additives and flavouring; should there be products in different price categories which can make the concept less vulnerable; should there be one or more types; etc.? There is strong competition on the market, and already in the product development it is possible to stand out from the competitors and thus become more visible to the consumers.

In connection with product development it is also important to be aware of the price level. Since (cf. section 12.3.3) there will be high costs connected with

production and transport, a certain price level will be necessary. However, the market survey shows that the interviewed consumers are willing to pay a relatively high price for the product.

The market survey showed that it is extremely important to develop an attractive bottle which promotes the visibility of the product. The shape and material of the bottle can be important for the consumers' choice between different brands. With reference to the consumers' increasing focus on the environment, an option is to make a glass bottle. In the future considerations on material it is essential to make an overall economic calculation in which the additional costs are compared with expected additional sales. It is also important to develop an attractive label that can catch the consumers' interest and which sends out the right signals in relation to the product concept.

In connection with the development of the final product/products it is important to obtain further information, advice and guidance from experts in the field.

Specifically we recommend that the future producers:

- Establish contact with distributors of exclusive food products and listen to their advice and guidance
- Define a more concrete product – should it be with or without additives, one or more types, etc.?
- Differentiate the product/products from other brands
- Consider ensuring a specific product certification, if there are properties in the product, such as age or origin, which can differentiate it from other products on the market
- Develop an attractive bottle
- Develop an attractive label
- Stake on a product/products in a relatively high price range
- Include considerations on consumer trends in relation to sustainability in the development of certification and production plans, transport and packing methods

11.3.1.2 *Marketing*

The market survey and the SWOT analysis have shown that many potential weaknesses and threats could be avoided if the introduction of the product were followed up by a strong marketing strategy.

In its content the product does not differ fundamentally from other drinking water products. The product characteristic is primarily connected with its history and origin. A marketing strategy should therefore build on the good story and the connection with Greenland, Greenland inland ice and Greenland traditions. This provides good opportunities for creating illustrative pictures for labels and marketing material, whereby the product can profit from an easily recognisable image. And it is possible to utilise the fact that, according to the market survey among potential consumers, place of origin and brand are important considerations when the consumers make their choices to buy. They further associate to purity in connection with a concept description. The perception of the water's purity is also a decisive factor in the the potential consumers' choice of brand when they buy bottled drinking water. Therefore, the purity of the water should be emphasised in the marketing of the product.

Since the customers are not loyal towards a single brand and as they are easily influenced by the branding of a product, is it essential that the marketing strategy not only focuses on the introduction of the product but has a long time horizon.

Prior to a market introduction and the laying down of a marketing strategy the CVP's and possible sales slogans of the product should, as mentioned above, be further developed. Also, they should be tested further, preferably with the consumers; and it should be considered to develop different varieties of these CVP's and sales slogans in order to consider the differences on the markets.

Prior to the introduction of the product it is a good idea to contact local sales channels such as restaurants, cafés and shops with a view to getting their "acceptance" of the product. The willingness of these channels to sell the product is decisive, as the product cannot be expected to be so strong to begin with that the consumers will create a pull effect with their demand and thus "force" the shops etc. to introduce the product in their range.

We recommend that future producers:

- Establish contact with distributors of exclusive food products and listen to their advice and guidance
- Further develop and test CVP's and sales slogans

- Establish contact with local restaurants, cafés and shops with a view to getting “acceptance” of the product
- Work on creating a strong and lasting brand
- Use “Greenland”, purity and conditions characterising Greenland as a marketing platform
- Tell the good story in the marketing
- Differentiate the marketing/branding strategy for different primary markets
- Use focus groups or the like to test branding, means of communication, packing etc. in good time before launching the product

11.3.1.3 *Economic conditions*

In connection with the further work on the concept it is, furthermore, necessary to clarify a number of economic conditions, including the expected production and transport costs. Also the possibilities of using the sales network of existing producers should be clarified.

Considering the expected high production and transport costs, alternative transport and tapping options should be examined. As an example the water could be tapped on bottles outside Greenland. Today imports into Greenland exceed exports from Greenland. It is therefore obvious to examine the possibilities of using surplus capacity in connection with transport. This could minimise transport costs and indicate that correct environmental considerations are shown.

A weakness in the product is the fact that today there are no sales channels, which is the Alpha & Omega for whether a product sells. The possibilities of forming cooperation with existing producers should therefore be considered very carefully. Thereby the experience of existing producers could be used, and many resources could be saved

We specifically recommend that the future producers:

- Examine alternative transport and tapping options
- Examine the possibilities of using surplus capacity in connection with transport
- Stake on a product/products in a relatively high price range

- Make an overall economic calculation in connection with the considerations about choice of material for the bottle, comparing additional costs with expected additional sale

12. **METHODS USED**

This chapter describes the methods used in the different phases of the analyses. The data collection methods have varied in the different part analyses, and they are thus described separately.

The data collection has been carried out in collaboration between NIRAS and DMA/Research, who are in a steady cooperation with a number of analysis firms in most of the world through the GlobalNR network. The data collection is coordinated and briefed from Denmark by NIRAS and has been carried out by local opinion-research agencies with fundamental insight into the specific markets. They are all members of ESOMAR²⁴, which ensures that the parties work according to exactly the same quality levels.

12.1 **Competitor analysis**

The purpose of the competitor analysis was to identify the primary markets and potential consumer segments for exclusive drinking water and to describe the market for bottled drinking water in the USA and Japan.

The analysis was conducted on the basis of a desk research of relevant documents, personal interviews with persons from the beverage and food industry who daily and in different ways are employed with bottled drinking water products and analyses of the markets in the two countries.

12.2 **Image and branding survey**

When launching a new product on the market it is important for the success and the costs of market penetration whether the brand is connected with a number of positive or negative associations, in general as well as in relation to the specific product area – in this case ice and water.

The image and branding survey thus served to identify Greenland's image as a brand. At the same time the survey served to identify potential communication elements in future marketing, and it was to form the basis for establishing customer value propositions (CVP's) for the product.

²⁴ ESOMAR is a worldwide trade association. To be a member as an institute you are obliged to comply with existing ethical and quality codex. DMA/Research is also a member of ESOMAR.

In Los Angeles and Tokyo the image and branding survey was conducted as an online quantitative survey among persons registered for a panel used for market surveys.

12.2.1 *Screening criteria*

In both countries a number of screening criteria were set up to narrow down the target group. The following criteria were set up on both markets:

- Requirement for a minimum knowledge of Greenland – the respondents were to know more about Greenland than just the name
- Requirement for a minimum consumption of bottled drinking water – the respondents were to drink bottled drinking water at least once every two weeks or more often

The desk research and other information from the USA indicated that the market for bottled drinking water is very large in the USA. It was therefore decided to set up an income criterion in connection with the focus on an exclusive drinking water product. The survey was targeted at persons with a household income of more than 50,000\$.

Desk research and other information from Japan showed that the purchase of exclusive drinking water is connected with lifestyle, health, etc., rather than with income. Therefore, the same income criterion as for the survey in Los Angeles was not set up in the survey in the Tokyo area.

On both markets the results are based on responses from 1,000 persons who have passed the screening criteria, i.e. the results are *not* representative of the populations in the surveyed areas (Tokyo and Los Angeles). The results thus cannot be generalised to cover the rest of the population in the two areas.

12.3 **Attitude survey among potential sales channels**

There is a general expression within retail and branded goods trade: "*Those who own the channel, own the product*". The attitude of potential sales channels towards the product is therefore important. And the sales channels have a considerable knowledge of the specific markets and consumers from which to benefit in the further product and marketing developments.

The purpose of the attitude survey is thus partly to identify the attitude towards the product among potential sales channels on the two primary markets, partly to gather knowledge of what it takes to be included in the range of these sales channels.

The attitude survey is based on personal interviews with central players with relation to sales channels and the beverage and food industry. The interview persons have been selected so as to represent decision-makers in companies in potential key sectors. All the interviewees come from the two selected areas – Los Angeles in the USA and Tokyo in Japan.

In Los Angeles in the USA the following persons have been interviewed:

- Specialist in sales
- Owner of exclusive restaurant
- Publisher of Beverage Publication Nationwide
- Manager in a supermarket chain
- Trade expert/catering consultant
- Owner of and purchasing manager in a supermarket chain

In Tokyo in Japan the following persons have been interviewed:

- Senior manager from a large supermarket chain with responsibility for introduction and promotion of foods
- Senior marketing manager from a large food business that owns a large number of restaurants
- Manager from a large commodities company with responsibility for beverages
- Director of local supermarket chain in the Kanto region
- Senior columnist from a business paper
- Director of Japan's Mineral Water Association

12.4 **Attitude and behaviour survey among potential customers**

The attitude and behaviour survey among potential customers represent a further narrowing of focus than the survey among potential consumers in the image and branding survey.

The purpose is to identify the attitude of potential consumers towards the potential CVP's and sales slogans and to identify the consumers' purchasing behaviour in relation to the product type.

On both markets, the survey was conducted as an online quantitative survey among persons signed up for a panel used for market surveys.

As in the image and branding survey, a number of screening criteria for the respondents have been set up. On some points these deviate from the first survey among potential consumers in order to allow for the narrowing of focus.

12.4.1 *Screening criteria*

The following criterion was set up on both markets:

- Requirement for minimum consumption of bottled drinking water – the respondents were to drink bottled drinking water at least once every two weeks or more often

In Los Angeles, as in the first consumer survey, other criteria were:

- The respondents had a minimum knowledge of Greenland – they knew more about Greenland than just the name
- The respondents had a household income of at least 50,000\$

These criteria also correspond to those set up in Los Angeles in the first survey. In Tokyo, however, adaptations were made in the criteria in order to meet the narrowed focus.

In Tokyo, therefore, there was another criterion apart from the criterion for a minimum consumption:

- The respondents were to have a *medium* knowledge of Greenland
50 % in the first survey placed themselves in a category 2 on a scale from 1 to 5 for knowledge, where 1 is no knowledge or just knowledge about the make. In this survey it was therefore decided to focus on the persons who had a medium knowledge of Greenland, since they were presumed to have better prerequisites for assessing the potential CVP's and sales slogans

In both Los Angeles and Tokyo the results are based on responses from 500 persons who have met the screening criteria. This means that for this survey as well the results are *not* representative of the populations in the areas surveyed (Tokyo and Los Angeles). The results thus cannot be generalised to cover the rest of the population in the two areas.

12.5 **Concluding remarks**

The total market survey is based on a funnel model where focus is gradually being narrowed based on the results obtained. The drawing up of potential CVP's and sales slogans has thus taken place on the basis of the results of, for example, the image and branding survey.

As described above, the use of a funnel model also means that for the different surveys among potential consumers different screening criteria have been applied on the two markets and for the two surveys in Tokyo. This means that it is not possible to compare the results of the consumer surveys direct, as there will be deviations between the results of the surveys as a result of the different screening criteria. Differences in results can also be owing to differences in the way of asking in the two surveys, even though they have dealt with fairly the same issues.

Like cultural differences, differences in the screening criteria also mean that comparisons between the two markets must be made with caution.

This report contains a summary of the main results across the individual part-surveys and the reader should bear these methodical differences in mind when reading it. However, where there are significant deviations between the results of the part-surveys this is mentioned in the text, and to ensure clarity there is an indication of sources of results from the two consumer surveys – the image and branding survey and the attitude and behaviour survey.