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1. The Problem worth solving and our Solution

As people are becoming more and more conscious about the need of fresh & clean products, also the beverage market is evolving moving from products with different preservatives toward more natural and healthy products. In the same time, the consumer is asking not only a refreshing beverage but also a beverage with a purpose, either helping to restore vitamins depletion over a long-working day, either to give an energy boost for late-working hours still at the office either for example to cope with stress, get relaxed or to have a healthier skin.

Based on this trend, a new class of drinks emerged in the last 10 years, meaning the functional beverages! This new category of drinks includes energy drinks (Red Bull, Burn), sports and performance drinks (Gatorade, Isostar, Powerade), ready to drink (RTD) teas, enhanced fruit drinks, soy beverages and enhanced vitamin water (VitaminWater).

According to Datamonitor (an international well-known company providing market intelligence and data analysis (www.datamonitor.com), the global non-alcoholic beverage market is valued at just under $500 billion worldwide, with Europe accounting for the largest portion at $189 billion.

BrainTonique

The main benefits of functional beverages are very clear and appealing to the end consumer and consist in:

- Intense hydration
- A boost in energy
- General Rejuvenation
- Health support and wellness

There is a lot of space for innovation on this market and many products started to emerge as the consumers got more and more educated about the features of this new beverages category.

Considering this context and the general increasing trend still to mature in the next 10-15 years, we came-up with the idea of launching a functional beverage in Romania (our country of origin & residence).

Our Solution = BrainTonique

BrainTonique will be an alternative to traditional existing beverages in Romania, being a functional quality product and still affordable. It is healthy, natural and clean product, with no preservatives but with a well-balanced formula containing vitamins and active ingredients blended in a unique composition intended to help our consumers to stay focused and productive while meeting cognitive demands.
2. Our product - Introduction

**BrainTonique** is a tasty, natural and refreshing functional beverage that is enriched with the right amount of vitamins and other functional ingredients to allow the consumer to overcome the day-by-day challenges of a busy work, both from physical & cognitive perspective. Our aim is to help our consumers embracing life with performance and happiness: make every day better, easier and more performing by changing the way peoples are drinking. BrainTonique will distinguish itself by the following characteristics:

1. The first functional beverage in Romania, a healthy alternative for regular soft drinks
2. It will be promoted as a drink with no evil preservatives: no artificial coloring, sweeteners, preservatives, additives are allowed in the composition.
3. It is a drink enhanced with functional vitamins and supplements to support consumers in their today’s everyday life but mostly when facing cognitive demands.
4. It will be fresh and aromatic with slight hints of original ingredients (Pomegranate, Acai, and Guarana).

**Composition:** The **functional claim** of the drink will be that BrainTonique supports optimum nervous system functioning, enhance mood and energy levels, because of its ingredients:

- Guarana
- L-thiamine
- Vitamin D
- B vitamins (1,3, 6, 12)
- Zinc + Magnesium + Selenium.

**Packaging** is small and comfortable enough to carry to school/work or going for a walk.

**Stages in the product development & its launch**

- Formulate the product together with a specialized producer
- Test & chose the final active ingredients
- Create & define the visual identity of the product, based on its personality features (vitamin content & fruits chosen for taste) and targeted market
- Contact the distribution channels based on their targeted end consumer coverage
- Launch the production & prepare the product public launch
- Sustain the product with the right mix of marketing strategies
3. Market Segmentation

**Key Country Data. Doing Business in Romania**

Romania has a developing, upper-middle income market economy, being the 13th largest based on purchasing power parity (280.7 billion (PPP, 2013)) and the 17th largest in the European Union by total nominal GDP with a total population of over 21 million people. Romania is a democratic country and from 1 January 2007 Romania entered the EU. The Romanian currency is RON but Romania will adopt Euro currency starting with 2019. When the global financial crisis hit in 2008-09, Romania made a quick recovery thanks to thought macroeconomic measurements taken by the Government.

**Romania – part of Europe**

![Map of Romania as part of Europe](www.romaniatourism.com)

**Romania - internal organization by counties**

![Map of Romania's internal organization by counties](www.europe-atlas.com)

Romania Population: 21,305,097

Romania GDP: 280.7 billion (PPP, 2013)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Forecasts for Romania</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP growth (% yoy)</td>
<td>0.6</td>
<td>3.5</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Inflation (% yoy)</td>
<td>3.4</td>
<td>3.2</td>
<td>2.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Unemployment (%)</td>
<td>7.0</td>
<td>7.3</td>
<td>7.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Public budget balance (% of GDP)</td>
<td>-3.0</td>
<td>-2.3</td>
<td>-2.2</td>
<td>-1.9</td>
</tr>
<tr>
<td>Gross public debt (% of GDP)</td>
<td>38.0</td>
<td>38.4</td>
<td>39.9</td>
<td>40.1</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>-4.4</td>
<td>-1.1</td>
<td>-1.2</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

Source: European Commission, European Economy, No. 3|2014
Easy of doing business in Romania
As entrepreneurs, we have also to consider the environment and the opportunities Romania is offering to starting a business here. Of course, being locals, it is easier for us to follow all the procedures of starting a new company, however it is also important to have an objective benchmarking against other countries. The most reliable data we found is originated in the publication “Doing Business in Romania” published by World Bank in 2013. According with this publication, “Romania stands at 68 in the ranking of 185 economies on the ease of starting a business. The rankings for comparator economies and the regional average ranking provide other useful information for assessing how easy it is for an entrepreneur in Romania to start a business”
Food & Beverage Market in Romania

The total food and drink market in Romania was worth Euro 26.0 billion in 2011 (last available data), made up of Euro 20.6 billion in retail (79.5%) and Euro 5.3 billion (20.5%) in foodservice. Soft drinks value sales growth (y-o-y) in 2014 (estimated): +10.3%; CAGR to 2018: +6.8%.

The market of functional beverages in Romania is composed by:

- **Shots**: Typically are delivered in a small (two or three ounce) single-serve bottle, contain a concentrate mix of nutrients combined to perform a specific function. Energy shots typically include functional ingredients combined to provide an instant boost of energy with a lasting effect, because of their high level of caffeine and taurine. Also there are other ingredients like B vitamins, flavoring and a sweetener. The energy shot market has dramatically increased over the past couple of years because there is no sugar and are low in calories. Shots provide a convenient way to deliver a nutritional benefit as an alternative to supplements or pills.

- **Ready-To-Drink Teas**: These are major attractions for consumers, mostly to baby boomers who are interested in healthy & natural products. The market for RTD tea is a perfect platform for concept developers to add functional ingredients that may greatly increase consumer appeal and drive sales.

- **Enhanced waters** are basically water plus a functional benefit in addition to hydration, addressing various health conditions, from aiding in vision to enhancing immunity and defending against illness and disease. It has become widely accepted most of the time being vitamin waters.

- **Sports Drink** (Gatorade, Isostar, and Powerade): Having the main function to keep athletes hydrated while restoring the electrolytes and carbohydrates and other nutrients, these drinks are very popular. Their main ingredients are potassium, calcium, sodium and magnesium, which are lost by sweating during exercise. Amino acids are used to slow fatigue and improve muscle function while B vitamins are used to boost metabolism and generate energy.

- **Energy drinks** (Red Bull, Burn, etc) is the most popular category. The increasing number of working hours and the need for a very active life make lots of people to
consume energy drinks as a way to cope with daily demands. Mostly, these drinks are having a base of caffeine and Taurine and sometimes a series of other ingredients well-known for their energetic properties like Guarana.

<table>
<thead>
<tr>
<th>Segments</th>
<th>2006</th>
<th>2011 (forecast)</th>
<th>% growth (2011 vs. 2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports drinks</td>
<td>9.871</td>
<td>13.302</td>
<td>+ 35%</td>
</tr>
<tr>
<td>Energy drinks</td>
<td>2.429</td>
<td>3.534</td>
<td>+ 45%</td>
</tr>
<tr>
<td>Functional drinks - TOTAL</td>
<td>12.621</td>
<td>17.202</td>
<td>+ 36%</td>
</tr>
</tbody>
</table>

Considering these products, we came with the idea to launch a new product, different from all above, mixing characteristics of sport drinks with energy drinks as a dedicated functional drink for people working long hours, mostly in offices, who needs concentration and to stay focused but in the same time want to avoid products with high-caffeine levels.

**Meet the alternative: BrainTonique**

- It is a drink for the people who make intense and sustained intellectual effort and want a natural and pleasant solution to meet these requirements.

- Is addressing a diverse audience:
  - Teens and students
  - Business & Corporate
  - Anyone requiring long hours of attention and concentration (drivers, computer operators, technicians, software programmers, accountants, auditors, etc.)

Overall, the buyers are motivated to achieve performance. Our drink has to be a choice that comes naturally and in continuation of a busy lifestyle.
BrainTonique

BrainTonique position in the market
- A new class of products, different energy drink, sports drinks
- It is a neuro-functional drink
- Is a clean natural product, with no dyes or preservatives
- It is a high-quality product, yet not necessarily a premium one

Our Products/Flavors

BrainTonique Essential Elements - basically made from a mixture of classic ingredients, vitamins and minerals that contribute to normal cognitive functioning:
- Iron
- Magnesium
- Potassium
- Thiamine & Riboflavine
- Ginseng
- Pomegranate & Lychee

BrainTonique Energy - contains those ingredients which contribute mainly to reduce fatigue and cognitive exhaustion:
- Iron
- Calcium
- Magnesium
- Vitamin B12
- Vitamin B6
- Cofeine
- Acai & Guarana

BrainTonique Performance - not only supports daily life but actively contributes to better the cognitive function:
- Magnesium & Potassium
- Resveratrol
- L-theanine & Glutamine
- Goji
Effects and generic health claims
We try to provide only real benefits:

- Refreshing and Toning
- Great taste
- Low sugar
- Supports cognitive processes
- Maintain focus and concentration
- Reduce mental fatigue
- Natural: no preservatives, no artificial flavors, no dyes, no E numbers

Packaging, labels and dimensions
- Special designer PET bottles (500 ml). Dense and opaque plastic to preserve the active ingredients. Attractive & practical, easy to grasp shape for the bottle.
- An explosion of color, vivacity and harmony

Competition
Our direct competitors will be the large producers of energy drink (although not all of them are present in Romania yet). The main competitors are listed below:

<table>
<thead>
<tr>
<th>Brands</th>
<th>share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Bull™</td>
<td>40%</td>
</tr>
<tr>
<td>Monster™</td>
<td>23%</td>
</tr>
<tr>
<td>Rockstar™</td>
<td>12.3%</td>
</tr>
<tr>
<td>AMP™</td>
<td>8%</td>
</tr>
<tr>
<td>Full Throttle™</td>
<td>4%</td>
</tr>
<tr>
<td>Doubleshot™</td>
<td>2%</td>
</tr>
<tr>
<td>NOS™</td>
<td>1.5%</td>
</tr>
<tr>
<td>No Fear™</td>
<td>1.4%</td>
</tr>
<tr>
<td>Private Labels (retailers’ brands)</td>
<td>1%</td>
</tr>
<tr>
<td>SOBE Adrenaline™</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

These are also present in Romania

Leading ED brands at world level (2008, market shares). Source: bevnet.com
4. Total Addressable Market

Considering the product characteristics & addressability, we consider the following buyers categories:

- Teens (with age between 15-18)
- Students (with age between 19-23)
- Adults (with age between 24 – 45)
- Seniors (with age between 46-49)

Other characteristics

Based on these characteristic, and considering only the age interval we have builds, we are estimating a Total Number of Potential Consumers of 11.8 million. However, not all of these are fitting our consumer profile because we further need to know how many are consuming energy drinks.

To get this number, we will use another study presented in the table below.

From the perspective of the Total Target Population, only 38% are consuming energy drinks in Romania. We think our base will be a little bit larger because we are covering the same profile plus an additional number of people who will be joining the consumer poll because they like healthier products. A fair approximation will be 40-45% of the Total Target...
Population means between 4.72 and 5.31 million people. For all the practical purposes of this material, as a good approximation and a round number, we will consider the number of potential 5 million people.

Using the same study, we got the consumption quantities/year:

**ED consumption related features.** Survey Nomisma-Areté for EFSA (European Food Safety Authority, 2013)

As for volumes, the average volume consumed by target population is:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>No of cans</th>
<th>Weighted Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>22%</td>
<td>1</td>
<td>0.22</td>
</tr>
<tr>
<td>33%</td>
<td>3</td>
<td>0.99</td>
</tr>
<tr>
<td>23%</td>
<td>7</td>
<td>1.61</td>
</tr>
<tr>
<td>16%</td>
<td>16</td>
<td>2.56</td>
</tr>
<tr>
<td>5%</td>
<td>21</td>
<td>1.05</td>
</tr>
<tr>
<td><strong>Total cans/month</strong></td>
<td><strong>6.43</strong></td>
<td></td>
</tr>
</tbody>
</table>
Considering that 71% of the target population is consuming the beverage from cans of 250 ml and that there is another group of people (20%) from the same target population consuming the drink from cans of 350 ml, then an average can is having 275 ml meaning a total of 6.42 cans x 275ml = 1.7 litter/month/person. Therefore, we can compute the following calculation in terms of Total Potential Volume sold/month:

\[
\text{5 mil people} \times 1.7\text{L/mo} = 8.5\text{ mil L/mo}
\]

**Pricing per can**

Because we are positioning ourselves on the high-quality product, our direct competitors will be brands like Red Bull or Burn. The average price for such products in Romania is 1.8$/250ml can mean 7.2$/litter. Of course, when considering larger bottles the price/bottle can drop significantly but neither Red Bull or Burn are selling in bottles but only in cans (at least in Romania). Our intention is to have a smaller but comparable price as these brands, at 1.25$/250 ml can = 5$/litter.

Considering this price/litter and the total potential volume in litters, the Total Addressable Market expressed monetary value is: 8.5 mil litter x 5$ litter = 42.5 mil $/month

**BeachHead Market**

Our beachhead marked will be a segment of the TAM: we will focus primary on adults, age 27-35 years old, representing 32% from our TAM.
5. The Persona & The End-Consumer

We selected two Personas:

- The Corporate/Careerist Employee (Victor)
- The Student (George)

The Corporate/Careerist Employee Persona (Victor)
Victor is the Persona our product addresses; he is 38 years old, not married, no children. His educational background is high, as an eminent and passionate student focused on specific technology subjects and later on as a graduate and postgraduate psychology fellow and researcher. He also graduated an international business school.

Professional background: He works in a multinational company on top management level. His revenues are above average. He travels often, mostly on business trips. He is highly networked on professional and social platforms although not so active.

Motivations and priorities: He is continuously interested in personal development and professional achievement. He adopts self education as a method of intellectual improvement and uses different types of online platforms. He is persistent in achieving goals, always curious and passionate about technology novelties.

Victor is hard working, detail oriented, pragmatic and practical thinking, keeps a good time management and he is efficient in dealing with tasks. From intellectual capacity perspective he is very motivated in achieving the highest possible level of knowledge in one specific domain. His biggest fear is not achieving his goals.

He performs brainstorming sessions both on business and personal decision process.

Leisure activities and hobbies: He watches Discovery and other science TV channels and also the most up to date news channels in the world. He is using at least one gadget on weekly basis.

His most predominant hobby is reading, mostly science fiction books but also psychology and business related publications.
Victor occasionally took IQ tests and tried different tools of IQ enhancement, including mind games and similar apps on smart phone with a frequency of at least 3 times per week.

**Dietary habits:** He adopts a healthy diet and is preoccupied of having a vigorous and active life style, both mentally and physically. His eating habits consist in having fixed dining hours and consuming light gourmet dishes. He orders food 3-4 times per week and eat out 1-2 time per week. He spends an average of 5 euro per takeaway and 10 euro per restaurant dishes. He takes vitamins or dietary supplements on daily basis. He consumes energy booster drinks based on caffeine. His most favorite drinks are tea, fresh juices and isotonic beverages and of course energy drinks. He does not consume alcohol. He drinks liquids at least 2 liters per day, all day long.

**Sports:** Victor is running and attending competitions. He trains 2-3 times per week on gym or outdoor sessions.

**Purchasing behavior:** His intellectual background, curiosity and exploratory characteristics make him an early and fervent adopter of new, innovative products. His purchasing criteria is based on quality of the product, benefits and added value in improving life, price. He appreciates consultancy when buying and often documents before making an acquisition. His loyalty to a brand/product is quite limited; he’s a fervent buyer until a better new version/brand launches.

**Purchasing places:** middle size markets, supermarkets, online stores, specialized and concept stores.
The Student Persona (George)

George is a 23 years student at Politehnica University. He is not married, no children. He is passionate about his field and he is studying hard to get good grades; however there are a number of parties (😊) he is keen to attend. He is careful to have the right balance between the way he spends his free time and his studying time but there are often situation when he is working hard to catch-up after a week-or-two of relaxation when he is completely disconnected from school, focusing on his hobbies and living the student life. In both situations he is used to drink various beverages (Coca-Cola, Red Bull, others) that can help him stay focused and alert, hour after hour. When studying, these drinks help him to stay concentrate and to learn, when not studying, he stays with his friends, he spends time on the internet/on various social networks, he plays games on computer (mostly driving simulators), he goes to movies & parties, etc.

He is mainly having an active life style, practicing sports (running & basketball) regularly but not obsessively, spending lots of time with his friends, going to parties almost every week and being in-loved with cars. His dream is to work for a large car manufacturer (in Romania there is a large car manufacturing industry, like Renault or Ford and numerous suppliers for them) and to be an eminent engineering. He is focused on performance, being inspired by his cars and he tries to stay informed about latest news and developments. He is not traveling too much, mostly in holidays and inside the country, although from time to time he was visiting some of the important capitals from Europe.

Purchasing behavior

Most of the time he buys his preferred products from a local store, nearby his home. There are a number of occasions when he goes to buy various products from a local Mega Image store (a medium-size store format part of Delhaize Group). Another place where he buys different products is the store nearby his faculty (small stores mainly). Of course, in weekends, when he goes to clubs/parties he buys directly from those placements. His purchasing behavior is impulse-driven, and always he is buying only what he needs, in minimum quantities.
Drinking behavior

His preferred moment to consume his beverages is in the second part of the day, after his lunch with a consuming peak when studying, playing games or going to parties.

BrainTonique end-consumer

- 15-45 year old health aware consumers, who tend to choose products with health benefits rather than fizzy drinks as their refreshment
- Income ranged from low average to above average
- Location – major cities with over 150 000 people population
- Educated, social and responsible consumers are considered to be targeted
- Student or Workaholic careerist
- Self confident
- Social life: loves to travel, party, socializing
- Features: bold, vibrant, imaginative
- Competences: reliable, efficient
6. Sales channels and Marketing Activities

Sales channels

- Distributors, Wholesalers and Cash& Carrys
- Supermarkets, Multiples
- Convenience Stores
- Restaurants, Bars, Night Clubs and Hotels
- Online sales website
- Student on-campus stores
- On-site corporate vending machines
- Special events

Marketing activities

- Social Media Advert and Promotions
- Online Marketing Channels and Magazines
- Mass Media Advertisement
- Free Sampling, Trade Shows and Festivals
- Flyer Distribution and Discount Vouchers
- Special corporate events
7. End-users questionnaire

In order to get as much information as possible about our end-users, we came up with a small questionnaire we had applied on various people from within our target group. In the available time we got 24 answers, 15 from students and 9 from corporate-employees. Here are the question we have used:

1. How often are you consuming brain tonics?
   - more than once per day
   - once per day
   - once per week
   - once per month
   - once every few months
   - never

2. In what situations are you consuming brain tonics?
   - when feel exhausted and still have work to do
   - when going out with friends/clubbing
   - when I study for exams
   - when I make effort
   - other situations

3. What are the features you are evaluating in a brain tonic?
   - taste
   - efficiency in concentration
   - soberness
   - color
   - if it is carbonated
   - package

4. Where are you buying the brain tonics?
   - super market
   - mini market
   - concept store
   - restaurant
   - club
   - online order

5. How much are you willing to pay for a brain tonic 250 ml?
   - less than 1$
   - 1$
   - 1,50$
   - 2$
   - 2,50$
   - more than 3$
6. What kind of package do you prefer on a drink?
   - [ ] glass bottles plastic including PET, PVC, HDPE
   - [ ] cups (made from polystyrene and polyethylene)
   - [ ] pouches (low density polyethylene)
   - [ ] cans including aluminium and steel
   - [ ] paper such as cartons

7. Where did you get the information about brain tonics?
   - [ ] online advertising
   - [ ] social media
   - [ ] local store/market
   - [ ] family/ friends
   - [ ] newspaper/magazines
   - [ ] other type of advert

8. How do you prefer to consume brain tonics?
   - [ ] Straight
   - [ ] Combined with non-alcoholic drinks
   - [ ] Combined with alcoholic drinks

9. What benefits are you expecting from a brain tonic?
   - [ ] improving concentration/focus
   - [ ] improving efficiency
   - [ ] increasing accuracy of results
   - [ ] increasing IQ score
   - [ ] feeling more relaxed
   - [ ] feeling more determined

10. What is your most preferred flavor?
    - [ ] orange
    - [ ] banana
    - [ ] vanilla
    - [ ] ginger
    - [ ] pomegranate
    - [ ] mango
Consumption Results (partial data)

**Consumption Frequency**
- More than once per day: 7%
- Once per day: 24%
- Once per week: 31%
- Once per month: 38%
- Never: 22%

**Occasions to Consume**
- When tired: 16%
- When making effort: 25%
- When studying: 24%
- When clubbing: 14%
- Others: 21%

**Consumption Habbits**
- Straight: 45%
- Combined with non-alcoholic drinks: 38%
- Combined with alcoholic drinks: 17%