



Promote Togetherness

2ND SEMESTER EXAM

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Characters: 11.994

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KEA

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Introduction

In a post-pandemic world, retail has to re-invent itself. Million-dollar companies and corner shops have to navigate changing legal restrictions, consumer behaviour and supply chain problems.

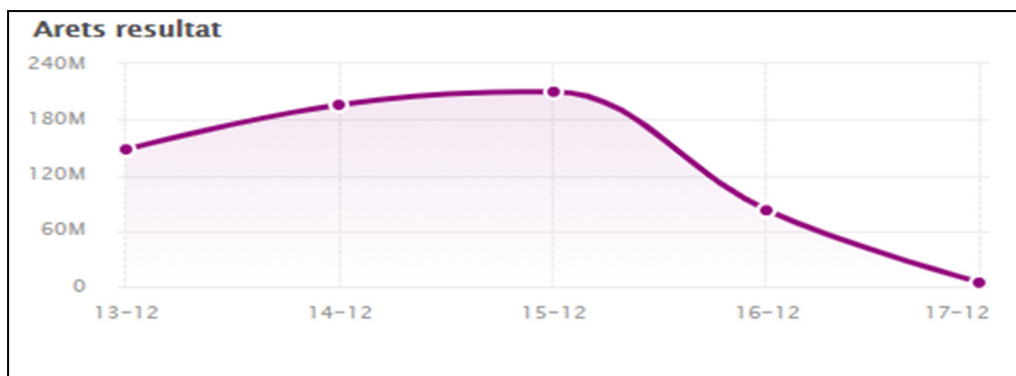


Figure 1: <https://proff.dk/regnskab/flying-tiger-copenhagen/silkeborg/byggevarer/G00AE2I03G4/#annualReports>

Prior to the pandemic, many growth focussed businesses measured success in the number of physical stores. Businesses like JYSK (Bertelsen, 2018) and REMA 1000 invested in physical growth, even at the expense of bottom-line profit – confident in their market-leading position and the benefits this should bring.

But now, the many shops may prove to be an anchor weighing these companies down.

On the other hand – physical presence has been part of the DNA of these companies. Shifting sales from a physical outlet to a digital one without losing customers in the process, is a concern.

This is the challenge that FLYING TIGER faces, and one that this paper will address.

Problem statement

How can Flying Tiger shift the customer base from the physical shops to the digital platform? How can the company maintain current customers? How can the brand leapfrog over the slow increase in internet awareness in the highly competitive online market?

Method

In order to approach the problem and produce a viable solution, several methods are used in order to achieve the following:

- Decoding the company visuals and values
- Analyse the market, the company, and its environment.
- Collect data to identify and segment consumers.
- Digest the data to define marketing actions.

To describe the company's position in the market, the 'Porter's Five Forces' analysis (Porter, 1980, pp. 151-152) is used to describe the level of competition in the market. Five Forces has a strong focus on the quantifiable aspects of supply, demand, and competitors, while the model neglects



social aspect, global trends, and potential for cooperation between competitors (Buch-Madsen, 2019).

For primary data collection, the methods in use are a survey collecting quantitative data from a random selection of shoppers and interviews collecting qualitative data. The two sources of data supplement each other's strengths, but both are limited in scope due to time-constraints.

The primary data is supplemented with secondary data from online sources.

For target group analysis the STP model (Buch-Madsen, 2019, pp. 18-21) is used to identify segments for targeted marketing. The model is useful for differentiated marketing and for identifying best probable return for marketing expense. Supplementing the STP, the ISRRP provides a tool for evaluating each segment in a quantifiable way.

Finally, the Continuum of buying decisions and FCB Matrix is relevant to analyze consumer behavior and decision-making process of Flying Tiger's consumers.

Delimitation

Working with primary data collection on a local level is a necessary limitation due to time constraints. Both quantitative and qualitative data would benefit from a larger group of respondents. A marketing strategy reaching outside the borders of Denmark is out of scope for this analysis as the variance of the segments would become too diverse to target with a narrow marketing mix.

Analysis

Flying Tiger Copenhagen's values are revolving around being unconventional, experimental, fun, and open (Anon., u.d.). As a corporation they brand themselves not only on their product but also on their employees.

The 'Tiger' in the brand name originates with the Danish denomination for 10 DKK a price tag attached to most products in the store.

The Logo is typed in a bulky hap-hazard font with the peeking eyeballs signaling a down-to-earth mentality.

All these factors contribute to a corporate image that is youthful and carefree, bordering on unprofessional which is most likely the exact intention.

The logo for Flying Tiger Copenhagen features the words "flying tiger" in a large, bold, lowercase, sans-serif font. The letter 'i' in "tiger" has two small, white, circular eyes with black pupils, giving it a peeking appearance. Below "flying tiger" is the word "copenhagen" in a smaller, bold, lowercase, sans-serif font.

According to the 2018 and 2019 annual reports, Flying Tiger's profit from 2015 to 2018 showed a diminishing situation, of which 2018 was the most serious, with an annual profit of negative 36 million DKK. There are many reasons for the loss, including store expansion and inventory backlog.





Flying Tigers business model has been late in adapting to changes in consumer behaviour in the online-shopping context. The recent acceleration in consumers' shift from physical to online shopping demands decisive investments to maintain the market position (Nyrop, 2020)

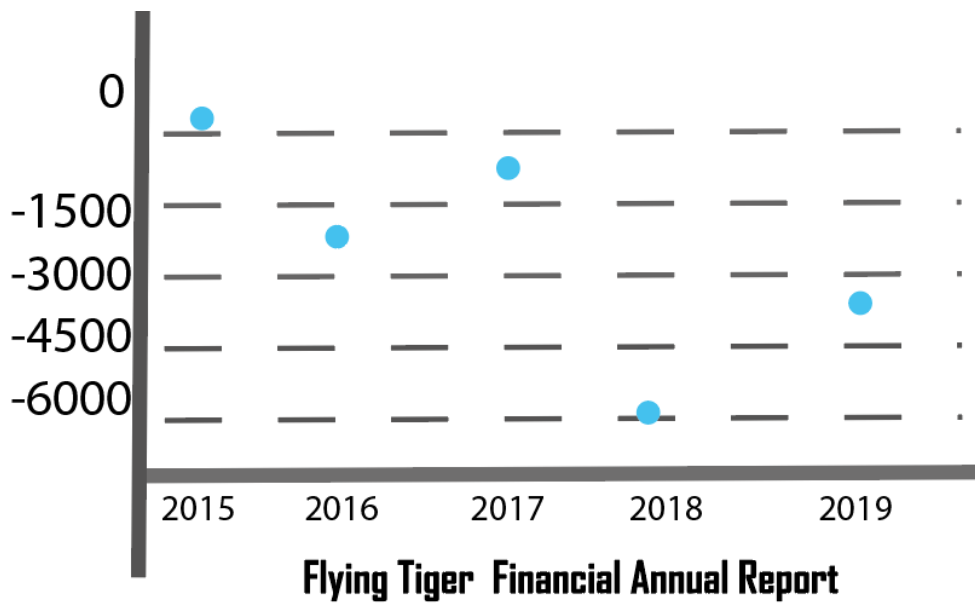


Figure 2: <https://www.proff.dk/regnskab/flying-tiger-copenhagen/k%C3%B8benhavn-v/byggevarer/GT-2VCZI03G4/#annualReports>



Porter's Five Forces

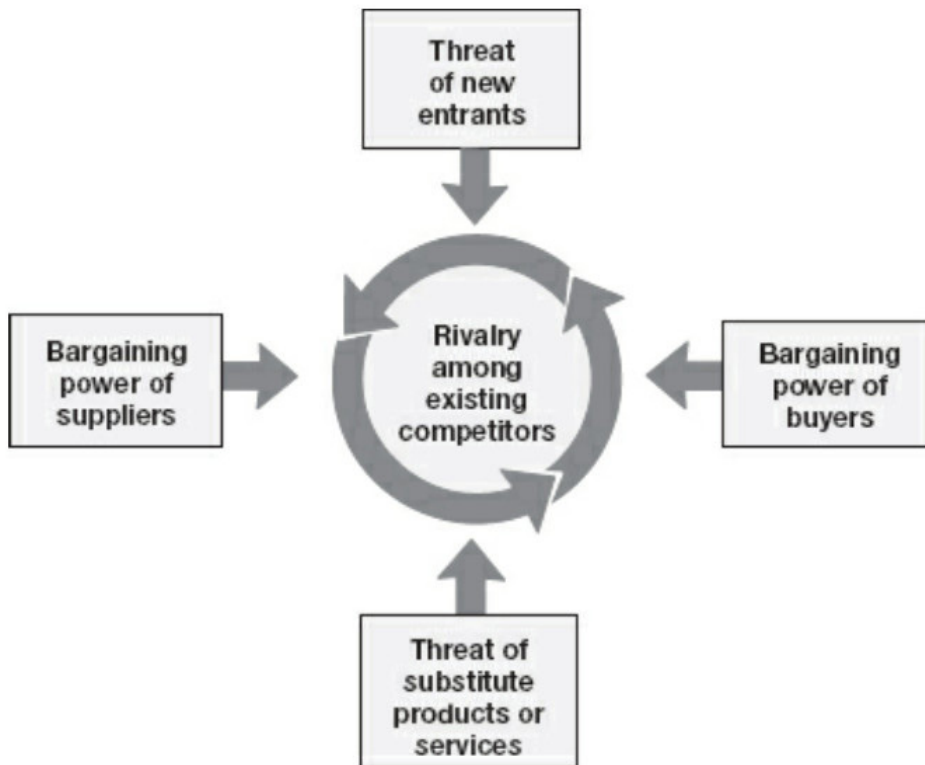
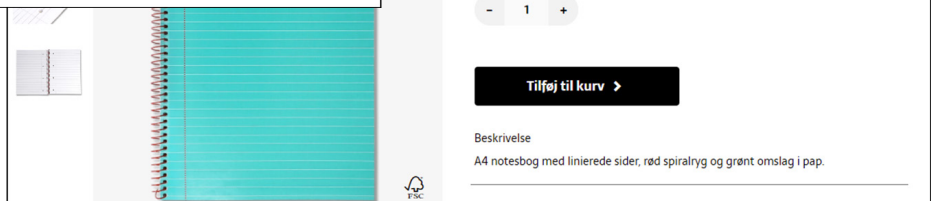
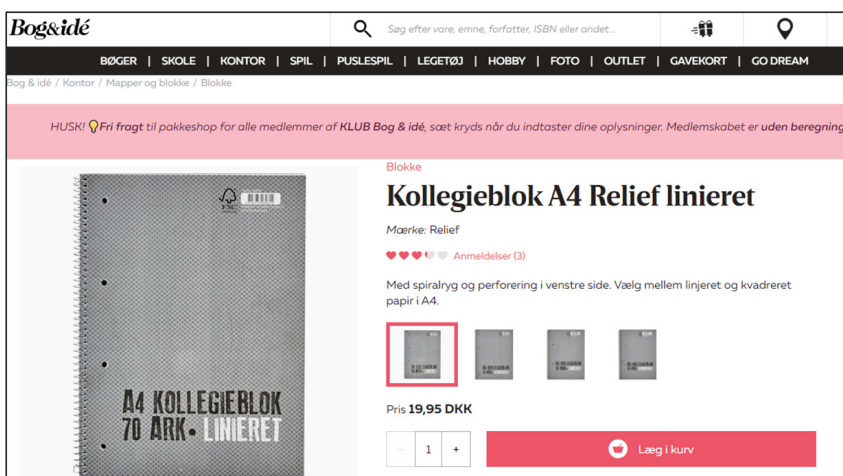


Figure 3: <https://blog.oxfordcollegeofmarketing.com/2016/01/29/porters-five-forces-model-what-is-it-and-how-is-it-applied-to-marketing-strategy/>

Rivalry among existing competitors

There are few major competitors with the same concept as Flying Tiger - companies like Søstrene Grene, Normal and BENT. These are like Flying Tiger in terms of product, price, positioning, and attract consumers with stable and low prices, although there are slight differences in product types.



Threat of new entrants

Flying Tiger and their competitors have occupied most of the Danish market, and their stores are opened in commercial streets or shopping centers, which poses a great challenge to the distribution channels of new entrants. Unless new entrants provide a better consumer experience to existing customer groups with new sales methods online with lower prices and greater sales.

Bargaining power of buyer

For many years, Flying Tiger has had stable customers and those customers had stable purchasing power. Although there are similar products on the market, those prices and designs are different from Flying Tiger's. Take office supplies as an example. Bog & Ide's notebooks of the same size as Flying Tiger are relatively more expensive.

Bargaining power of suppliers

Flying Tiger has suppliers in many countries around the world. With 30 years of continuous development, Flying Tiger has reduced the bargaining power of suppliers, making them more willing to provide sustainable services to mutual benefit.

Threat of substitute products

There are many similar products on the market that can replace Flying Tiger's products, such as Søstrene Grene's products whose quality and price are not much different. For customers with low loyalty, the convenience and purchase experience will lead customers to choose alternative product.

In conclusion

The result of the Five Forces analysis of Flying Tiger's micro-environment is that competitors like Søstrene Grene has an online utilization which is superior to Flying Tiger's. On the other hand, Normal does not sell online at all. The last update of Flying Tiger's Facebook was in March 2020, and Søstrene Grene has been updating frequently to have a closer relationship with customers. There's little risk of new entrants in the physical shop market, and even with online sales, a new player would struggle to compete with Flying Tiger's supply chain. The analysis suggests that the power balance in the market is at a tipping point, and the future may well belong to the company that makes the best transition into online sales.

Data Collection

Survey

As discussed in the delimitation section, the scope of the analysis is limited to Danish resident at a local level.

In the data collection the scope was further limited to people shopping or visiting Flying Tiger, Søstrene Grene, Normal, and BENT shops, as the stated goal of the exercise is to drive existing consumers from the physical shops to the web platform.

The full report is available in appendix (A), but the result shows two distinct age categories in the consumer group of age 10-14 and age 40-59.

The gender distribution is almost exclusively female in the 41-60 group, while the 10-14 group is more diverse, with a 50/50 gender split among responders.

STP model






To define a cost-effective marketing strategy, the STP model is used to analyse the data and suggest a strategy. The segmentation rests primarily on primary data gathered through the quantitative part of the survey while the positioning utilizes both qualitative and the quantitative data points.

Segmentation

The segments from the data collection are grouped in terms of age category and gender and then quantified using the ISRRP method.

Summarizing the ISRRP, the result shows that segments A, B and J score the highest. Meaning existing consumers in Denmark:

- Age 10-14 (of both genders)
 - Age 40-59 (females).
- These will be the segments to target.

I.		Segments are easily identified through demographics (age, residency, and gender).
S.		Segment substantiality is estimated by factoring the segments population and the representation in existing customer base.
R.		The data suggests that based on the average time spent on social media, the younger segments should be more reachable than the older group. Also, the survey documents an overrepresentation of Segment A, B and J in existing customer base making them more reachable.
R.		In general terms we expect the younger and older groups to be more responsive to targeted marketing and the middle aged to be less so.
P.		Finally, the purchasing power of the older segment is obviously far greater than the younger segment

Segment	Definition	Population in DK	Segment % of DK population	Segment % of survey	Identifiable	Substantial	Reachable	Responsive	Profitable	Sum
A	Age 10-14 male	173,276	3%	20%	3	3	5	5	2	18
B	Age 10-14 female	164,244	3%	20%	3	3	5	5	2	18
C	Age 15-19 male	174,317	3%	0%	3	1	1	4	3	12
D	Age 15-19 female	166,435	3%	4%	3	1	4	4	3	15
E	Age 20-29 male	396,400	8%	4%	3	2	1	4	2	12
F	Age 20-29 female	380,546	7%	4%	3	2	1	4	2	12
G	Age 30-39 male	356,133	7%	0%	3	1	1	3	3	11
H	Age 30-39 female	344,237	7%	8%	3	3	3	3	3	15
I	Age 40-59 male	775,766	15%	4%	3	3	1	4	4	15
J	Age 40-59 female	771,711	15%	20%	3	5	4	4	4	20
K	Age 60+ male	717,622	14%	4%	3	3	1	5	5	17
L	Age 60+ female	812,431	16%	12%	3	4	1	5	5	18

Targeting

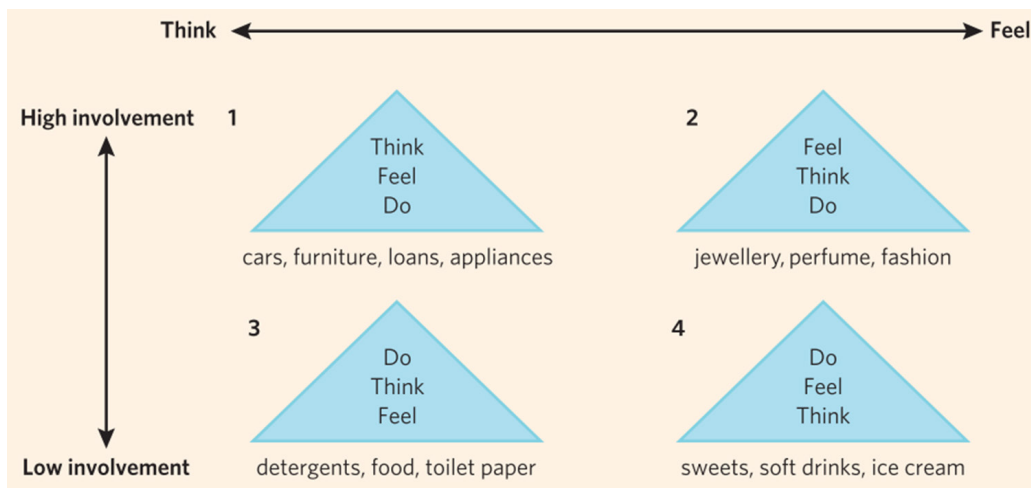
Considering how to target each group, a differentiated approach seems optimal - creating a specific mix of materials for each of the two segments. This conclusion is based on the fact that there is a big age gap between the younger and older segments making an undifferentiated approach unrealistic. The targeting will be based on the SoMe platform of choice for the specific target group, in a partnership with a SoMe personality who is strong on the platform and has a follower base that aligns with the target group.

Positioning

The positioning should be done per segment group so that the marketing strategy can be most effective for the target. For the 10-14 years old segment, the positioning will be based on the low prices while for the older, female target group the position is based on swift, cheap delivery and on a particular set of products in the kitchen supply section for which the survey data suggests an increased interest.

Consumer behaviour and personas

Consumer behavior is hard to track without access to more comprehensive data, preferably of the qualitative kind. "We can measure the whats, wheres, and whens of buyer behavior. But it's difficult to "see" inside the consumer's head and figure out the whys (that's why it's called the black box)" (Kotler, 2018, pp. 158-159). Or in other words, consumption habits are difficult to know as there are many factors that affect it such as culture, lifestyle, and macro-environmental influences.



Flying Tiger's products are known to have low prices among similar products – It's in the brand name even. This is Flying Tiger's unique selling point, so consumers will not spend much time searching for products elsewhere and doing price comparisons. Since Flying Tiger has a wide range of products and more than 300 products are added every month (Flying Tiger Copenhagen, 2018), consumers still check it online when they need it.



Persona

Emily is a 12-year-old student. She lives in Copenhagen with her elder brothers, father, and mother. She likes painting and she interacts online with friends who have the same hobby. EMILY saves her money and enjoys shopping with her friends. They will go buy drawing tools, candy, and pencil cases with sequins. During the epidemic, when they could not go to school or play with the children, they would paint and admire each other's paintings online. EMILY spends a lot of time on TikTok, watching how others draw. There are often advertisements in the process of watching videos. If it happens to be a product she likes, she asks her mother to buy it for her. Occasionally, she would take short videos with her brother and post them.

flying tiger

copenhagen

personality

Extrovert	Introvert
Sensing	Intuition
Thinking	Feeling
Judging	Perceiving



Emily Uhrbrand



12 years old



"Me and my friends love shopping together in Flying Tiger"



"It's impossible to find a cheaper product than Flying Tiger"



I bought a lot of painting tools and candy in Flying Tiger.



"There will always be new products that make me feel fresh"

Say: "I hope someone buys my painting, so I will buy another cat with my own money"

Do: "Draw while watching the video, shop with classmates"

Dream: "I will be an architect when I grow up, build a big house for myself and raise a lot of cats"



awareness



consideration



purchase



retention



advocacy




Second Semester Exam.ID.indd 11

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Emma is 44 years old. The mother of two pre-teens she lives in VESTERBRO. She is a person with a strong sense of health and environmental protection. She tries her best to cook for her family their favorite food, every day. She takes time to clean, tidy the apartment and take her children to school every day. Since she is busy, she has no time to go shopping. Online shopping is a lifesaver. She is often amazed that high technology has brought this kind of convenience to her life. When she cooks, she watches movies. During the epidemic, Emma bought a lot of products online including some from Flying Tiger's. Emma often recommends good customer experience to her online friends and family. Her life, outside of her family, is inseparable from the Internet.


flying tiger copenhagen





Emma Sorensen


personality

Extrovert		Introvert
<hr style="border: 1px solid gray;"/>		
Sensing		Intuition
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Thinking		Feeling
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Judging		Perceiving
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 42 years old

 Vesterbro


 Marketing Manager




"Me and my daughter love shopping together in Flying Tiger"



"It's impossible to find a cheaper product than Flying Tiger"



"Flying Tiger's products are sustainable and ecologically sound"




"There will always be new products that make me feel fresh"

SAY: "using scientific and technological resources to make busy lifestyles easy and fun"

DO: "While cooking, use video shopping, run while watching movies"

DREAM: "Read more, earn more money, and be a person who can warm others."



Conclusion

The analysis suggest that Flying Tiger has a dominant market position but is under threat in a changing market.

To make the move to an online business, the data survey points to two segments to target.

- A younger group of 10-14 years old, to target through TikTok by taking a position of cheap, fun products.
- An older group of 40-49 years old to target through facebook by taking a position of easy purchase/transport.

Both groups need to be targeted with a differentiated marketing mix to be prototyped.



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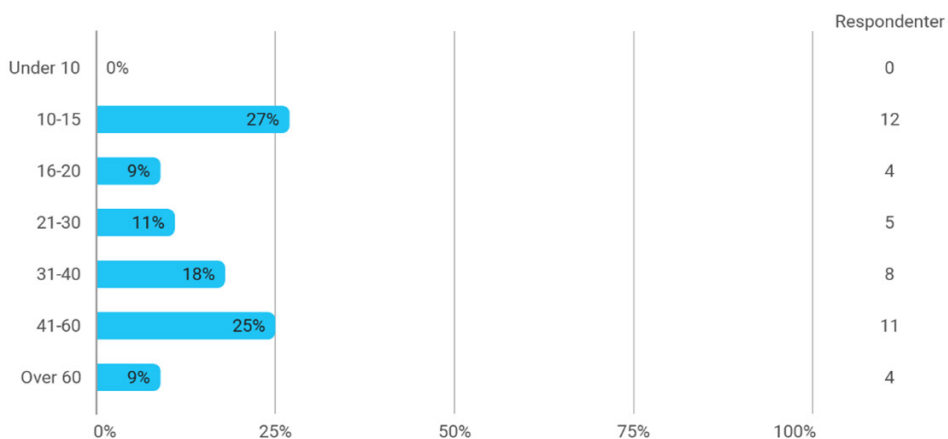
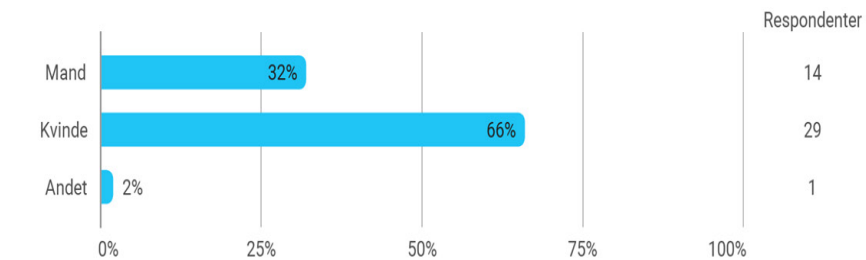
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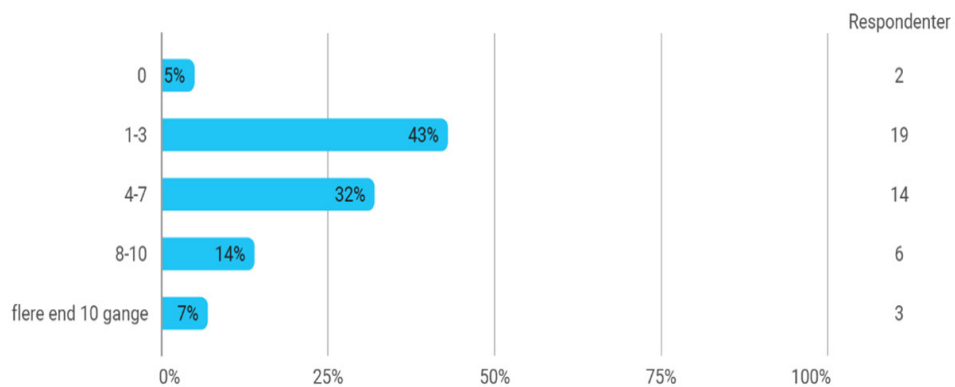
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Appendices

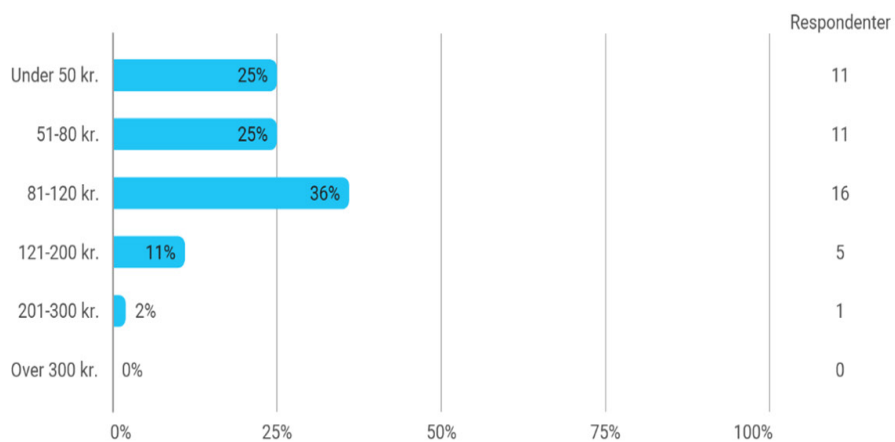
A) Data survey



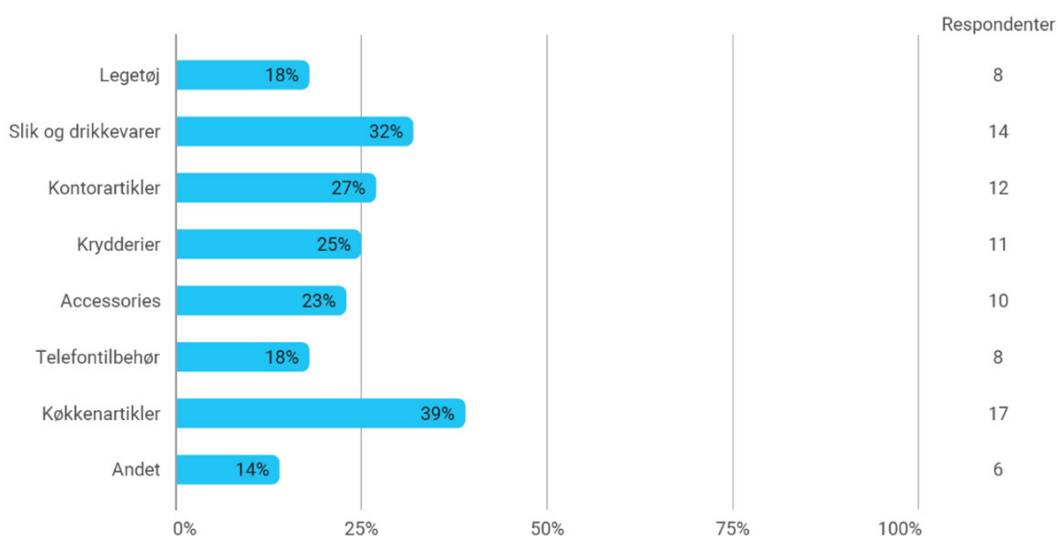
Hvor ofte kommer du i Tiger (om året)



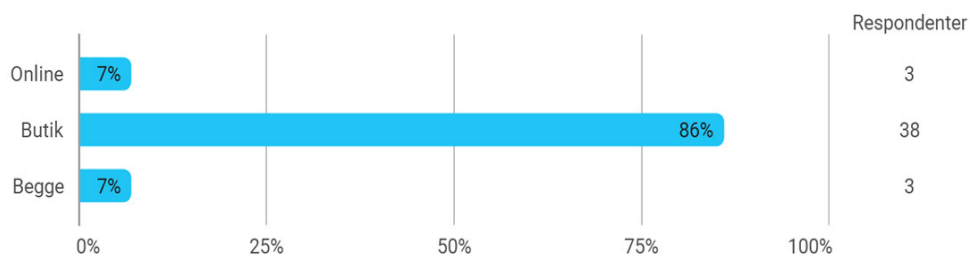
Hvor meget købte du for i Tiger (pr. besøg)?



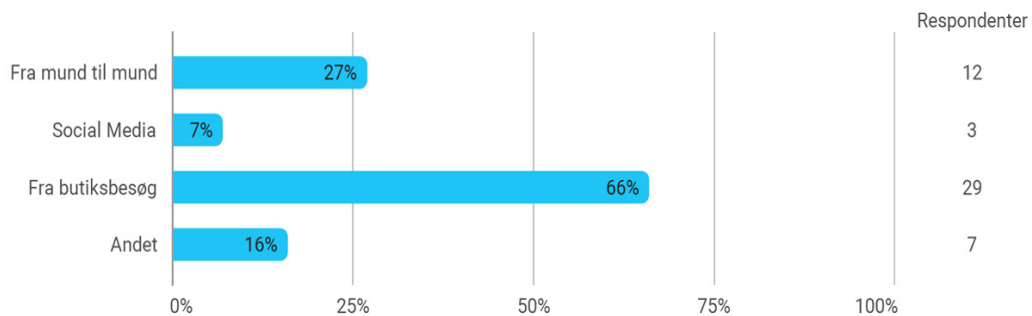
Hvad er dine favorit produkter i Tiger (du kan vælge mere en et)?



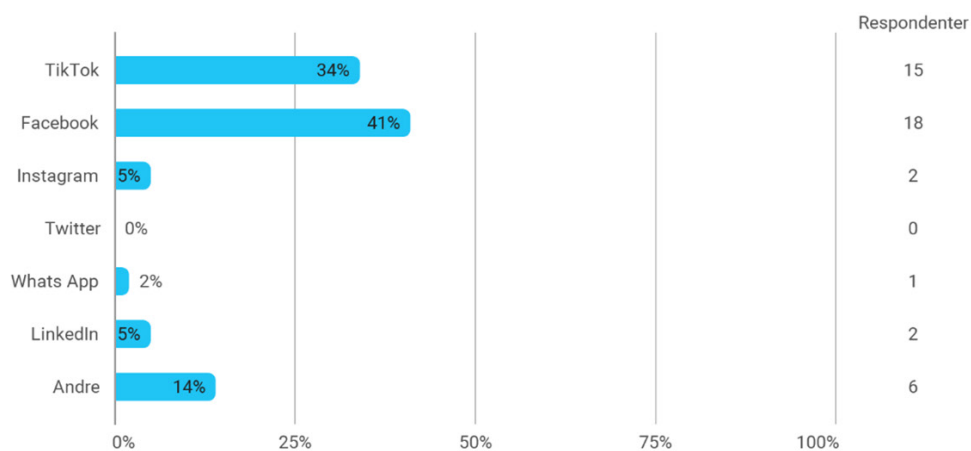
Køber du online eller i butik hos Tiger?



Hvorfra kender du Tigers varer?



Hvilken Social Media bruger du mest?





B) Interviews

The interviewee MIA and her classmate LINDA, who are students of CBS, made purchases for the class reunion that night. I bought some party supplies. One of the hats looked strange and I bought it because of the strange MIA.

How often do you come to Flying Tiger?

I come often to buy small things.

Have you ever bought Flying Tiger's products online?

No, if no mailing fee is charged, I will buy it online. Online shopping is very convenient and save time. Especially products that I already know well.

Do you know TIKTOK?

I know, many of my classmates are also using it. FACEBOOK also uses a lot.

If you buy it with your classmates, the shipping will be reduced. Would you invite your classmates to buy it?

Yes, I have never heard of it.

