



**Copenhagen
Business School**
HANDELSHØJSKOLEN



THE HONEST COMPANY

A strategic and tactical business plan for a successful penetration of the Danish consumer market

En strategisk og taktisk forretningsplan til at komme succesfuldt ind på det danske forbrugermarked

Master Thesis

Copenhagen Business School

Written by Pernille Burmeister Meyer

Study: Cand.ling.merc

Supervisor: Niels Kühl Hasager, Department of Marketing

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With much respect and gratitude,

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Executive summary

Den amerikanske virksomhed, The Honest Company, producerer en bred vifte af forbrugsvarer – disse inkluderer personlige plejeprodukter til ansigt, krop og hår samt husholdningsprodukter og bleer, m.fl. Produkterne er produceret med respekt for miljøet og med et fokus på at reducere brugen af skadelige kemikalier og parfumestoffer. De har på nuværende tidspunkt ekspanderet geografisk til Canada og planlægger at ekspandere til England, Kina og Australien – og eventuelt Danmark.

Forbrugerulturen og de danske købspræferencer adskiller sig på en række punkter fra de amerikanske og asiatiske landes. Derfor skal The Honest Company tage visse hensyn med i deres overvejelser, før de ekspanderer til Danmark. Dette speciale har til formål at undersøge det danske marked og dets forbrugere for at kunne skabe en strategisk og taktisk forretningsplan med henblik på at penetrere det danske marked i 2017.

For at besvare denne problemstilling på det bedste empiriske grundlag er metodetriangulering benyttet i såvel metodevalget samt i dataindsamlingen. Det interpretivistiske paradigme er valgt og anvendt i forbindelse med indsamling samt den videre analyse af den primære data. Specialets analyser er baseret på sekundær data fundet i bøger og artikler, samt primær data indsamlet gennem to fokusgruppeinterviews med i alt 9 deltagere samt en online spørgeskemaundersøgelse besvaret af 140 respondenter. Denne mixed methods tilgang bliver brugt til at besvare en af underspørgsmålene samt skabe et fundament, der bliver bygget videre på i den fremadrettede strategiske og taktiske analyse.

Den teoretiske analyse viser, at the Honest Company vil støde på både væsentlige muligheder og udfordringer på det danske marked. Virksomhedens profil er unik, da den arbejder inden for flere forskellige produktkategorier, og produktspecifikationerne vil passe godt til de danske forbrugere og deres krav til personlig plejeprodukter og husholdningsprodukter. Modsat vil visse udfordringer også være til stede, når the Honest Company skal ind på det danske marked, f.eks. når der kommer til prissætning grundet moms og evt. afgifter samt ikke mindst de eksisterende konkurrenter på markedet.

Den empiriske analyse viser, at de danske forbrugere er meget bevidste omkring økologiske, miljøvenlige og rene produkter, der skal i kontakt med dem selv og deres familie. Analysen viser dog også, at parfume-fri, rene produkter vurderes højere end produkter med miljøvenlige attributter. Forbrugernes købsadfærd afhænger endvidere af produktkategorien, f.eks. er pris det vigtigste kriterie, når forbrugerne skal købe husholdningsprodukter.

På baggrund af en række analyser, udført ved inddragelse af klassiske marketing og markedsanalysemodeller som Porter's 8 forces, PESTLE, TOWS, m.fl. samt analyser af primær data, formuleres en række strategiske og taktiske anbefalinger til the Honest Company. Disse skal

implementeres ved at bruge en tilgang, der tager afsæt i såvel Porters som Mintzbergs holdninger til strategiudvikling.

Konklusionen på specialet afslører, at the Honest Companys største udfordringer er, at de ikke har erfaring på det europæiske marked, at deres priser kan ende med at blive en del højere pga. moms og afgifter, hvilket har vist sig at kunne indeholde en væsentlig udfordring ikke mindst indenfor husholdningsprodukter, men også inden for personlige plejeprodukter. Endvidere har de danske forbrugere generelt ikke så stor tillid til amerikanske produkter. Grundet specialets relativt omfattende problemformulering og teoretiske ramme er det ikke muligt at gå i dybden med samtlige væsentlige udfordringer, der er imidlertid oplagte muligheder for at udføre yderligere research på området, med henblik på at styrke the Honest Companys muligheder for succes yderligere.

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1. Introduction

The introduction of this thesis will present the topic of this thesis and its relevance. Furthermore, an overview of the themes which the thesis will refer to will be included.

Household products and personal care products are integral parts of the modern day consumer's everyday life and an increasing number of products are introduced to fulfill the growing needs and demands of the consumers. Today, more than ever, consumers are aware of the health risks that some products might pose, potentially causing allergies or rashes. To a considerable extent, Danish customers are demanding that products for everyday use and products in direct contact with children should be made without toxic ingredients (Miljø- og Fødevareministeriet, 2015).

Customers use these products every day and pay attention to protect themselves and their children. It is a trend and a way of living for the Danish consumers. The interest as to what products contain increases and more consumers choose the environmental and non-toxic alternatives (Dansk Erhverv, 2014). Therefore, the Danish market is an attractive market for environmentally conscious consumer goods companies like the Honest Company.

The Honest Company is an American consumer goods company with its headquarters in Santa Monica, California. It was founded by actress Jessica Alba and former CEO of Healthy Child Healthy World Christopher Gavigan in 2011 (The Honest Company, Who we are, n.d.). As the company name suggests, it focuses on being honest when it comes to the substances and ingredients of its products and being transparent in the production process. The product portfolio of the Honest Company is comprised of approximately 90 products described as being non-toxic household, baby, and personal care products (Blakely, 2014). The Honest Company [will also be referred to as 'Honest' in the paper] also offers a large selection of makeup and skin care products under the name Honest Beauty (HonestBeauty.com). The company's rapid growth underlines the demand for more natural products and the company was valued at \$ 1.7 billion in 2015 (Moran, 2015). In the near future, Honest plans to expand to China, England and Australia (Borison, 2014).

Globally the Honest Company's **main competitors** are larger corporations with widespread distribution channels and huge marketing budgets, i.e. Procter & Gamble's *Pampers* and Kimberly-Clark's *Huggies* (Spurrier, 2014). Honest has no direct competition when it comes to the company's product portfolio, meaning that no other company offers such a large variety of non-toxic, environmentally friendly products from various different product categories under one brand name. Most other companies might offer one product category like makeup, skin care or baby supplies.

The Honest Company's **target group** in the US consists of Millennials (people born between 1980 and 2000), now between the ages of 15 and 35 (Atkinson, 2014). Its focus was originally on new parents who cared about the kinds of products their babies and children were exposed to, but as its product range expanded, so did the target market. Founder Jessica Alba hopes to reach a wider range of customers after the introduction of Honest Beauty color cosmetics (Medina, 2015).

Modern consumers are individuals who demand that products should be made in a certain way, also when it comes to non-toxic ingredients (Miljø- og fødevareministeriet, 2015). As a consequence, it is important to focus on the wishes and needs of the consumers since this emergent market makes it difficult to predict the needs and wishes of market. What characterizes the modern consumers, is their involvement and their persistence when it comes to choosing the right products for themselves and their families. A paradigm shift has taken place and consumers care about the products that come into contact with their bodies. Reports show that companies that come up with sustainable and environmentally friendly products will stand stronger in the future when competition gets heavier on the Danish market (Miljø- og fødevareministeriet, 2015). Another observation reveals that some industries experience a larger amount of pressure from their customers to produce green products. Especially household staples and products for children (Rapport, Miljøministeriet, 2015).

2. Problem statement

This chapter will guide the reader through the structure of the thesis. Including the research question, sub-questions and delimitations defining the academic focus of this thesis.

This thesis will focus on the introduction of the Honest Company to the Danish market because Danish consumers are looking for products like the ones marketed by the Honest Company. In the US, it is a well-known company still expanding, but in Europe the brand is not available neither through shipping nor to be found in physical stores. The thesis will take strategy as its starting point but also include consumer behavior as well as tactical considerations. This will be defined in the chosen sub-questions below. In conclusion, the thesis will present relevant recommendations for the Honest Company and how it should approach strategy and tactic when entering the Danish market.

Therefore, the overall purpose of this thesis is to answer the following question:

2.1 Problem formulation

<p><i>How should the Honest Company determine its strategy and tactic in preparation for successfully penetrating the Danish consumer market in 2017?</i></p>

Three sub-questions have been further included in order to help answer the problem formulation and to provide an overview of the contents and structure of this thesis. They will serve as guidelines to the reader and to show the different elements included in the thesis in more detail.

The sub-questions include:

- *Which criteria do the Danish consumers emphasize when buying products from a company like the Honest Company?*
- *What are the Honest Company's optimal strategic growth opportunities?*
- *How should the tactical approach be defined in order to succeed on the Danish market?*

The first sub-question is included to provide an examination of the thoughts of the Danish consumers and how they will respond to a potential introduction of the Honest Company on the Danish market. Primary data will be conducted in order to produce data that will reveal patterns, habits and wishes of the Danish consumers.

The second question will look into the growth options of the Honest Company. This will include the use of the SWOT and TOWS analyses and result in a strategic introduction plan for the Danish market.

Finally, the third sub-question aims to provide a way for the Honest Company to approach tactic. This will result in concrete tactical recommendations for succeeding on the Danish market in 2017.

2.2 Delimitations

This thesis put have its focus on the American company The Honest Company. The author will act as an external consultant for the Honest Company, with the goal being to aid the company in the planning of a market entry approach into the Danish market in 2017. Therefore, this will only contain initiatives for the introduction of the company, not the further process following the introduction phase.

Geographically, the thesis will be limited to the Danish market but it will include a few examples and perspectives on the company's work on the American market.

Due to limited time and resources, the target group of the questionnaire and the focus group will be limited to include primarily 15-35-year-olds in the greater Copenhagen area. Data will not be weighed and therefore, the sample will be unequally distributed compared to the whole nation, e.g. when it comes to age differences.

The focus of this thesis will only be on the B2C market; not the B2B or B2G markets as the products sold by the Honest Company are made for private customers, therefore the focus of this work lies on the

consumer market. When included in the thesis, the products mentioned throughout the thesis will be based on the present product portfolio of the Honest Company, as of September 1, 2016. This is limited to products found on Honest's webpages and do not include future product launches.

The thesis provides a strategic business plan analyzing how the Honest Company should enter the Danish market. The strategic business plan will only be an introductory approach to the Danish market, with no marketing plans for the deeper market penetration later on in the process.

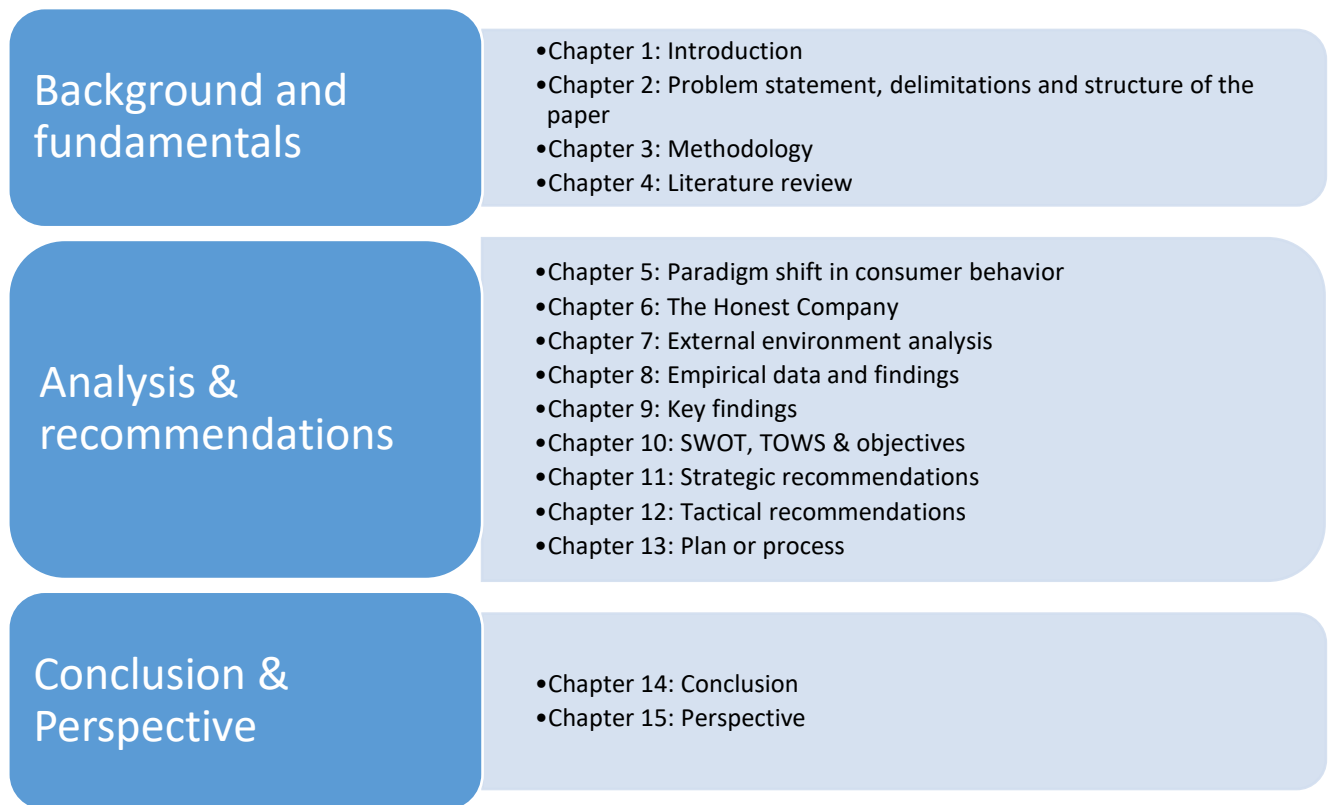
Even though the thesis will focus on the development of a strategic business plan for The Honest Company, it will not include financial aspects, such as annual reports, corporate finances or other external financial reporting. In the same way, the orientation of the thesis will be strategic and tactical but not operative.

The author has tried to contact the Honest Company through email and Facebook messages but the company did not respond to the emails. Honest only responded to a short message sent on Facebook, asking if the company shipped to Europe. The reply can be found in Appendix 1.

2.3 Structure of the paper

To make the structure of the paper clear to the reader, a figure will illustrate the overall structure and the different chapters included in the thesis.

Figure 1 – Chapter structure



Source: Own creation

The introduction chapter outlines and describes the framework and relevance of the thesis. Chapter 2 narrows down the focus of the paper, by working out the problem formulation and the following delimitations. Chapter 3 describes the methodological choices made to arrive at the conclusion of the paper. Chapter 4 sums up and reviews the existing literature within the themes included in the paper.

The analysis, starting with chapter 5, looks into the change in consumer behavior that has taken place over time. Chapter 6 introduces the Honest Company and analyzes its product portfolio as well as the internal environment of the company. Chapter 7 analyses the external environment in which the Honest Company operates. In chapter 8, primary data is introduced and analyzed, leading to chapter 9 in which the key findings of the primary data are discussed. A SWOT and a TOWS analysis are carried out in chapter 10, followed by a presentation of the key issues found in the analyses and the objectives that the company should try to achieve. The focus will be on the strategic and tactical recommendations that will assist the Honest Company at reaching the set objectives, in chapters 11 and 12 respectively.

Chapter 13 will discuss the use of plan or process when implementing the strategic and tactical recommendations from the previous chapter, before chapter 14 concludes on the findings of the thesis. Chapter 15 reflects on the paper and suggests further research.

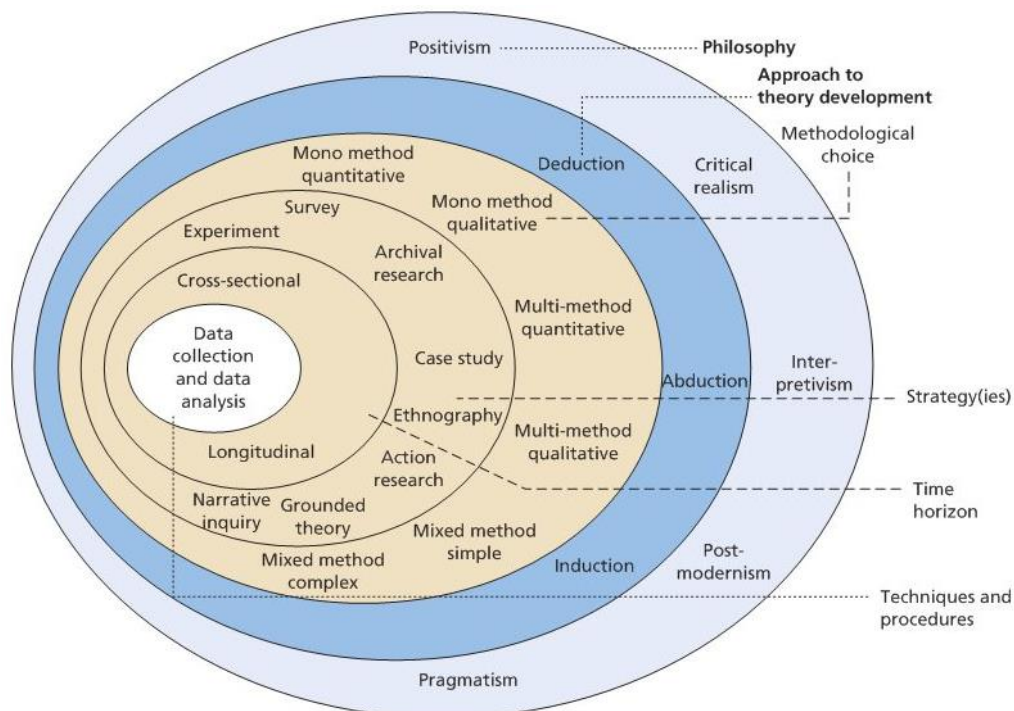
A short introduction has been added to every chapter to sum up the main goals and structure of the thesis. This has been done to help the reader achieve an overview of the material.

3. Methodology

The following chapter will introduce and explain how knowledge is understood, collected and analyzed. This will be done by clarifying the research philosophy, approach and strategies. In addition, the methods used for data collection, validity and the timeframe of the thesis will be specified.

According to Saunders et. al(2016), numerous choices must be made before arriving at the final choice of data collection and data analysis, and what is important is what lies behind ones choice of data collection techniques. The research onion was designed to illustrate the journey towards the middle of the onion, equivalent of reaching the goal of the research – choosing the right methods for carrying out successful data collection and analysis. How and why the final data was created, is just as important as the outcome itself.

Figure 2: Research onion



Source: Figure from Saunders et. al. 2016, p. 124.

3.1 Research philosophy

According to Saunders et al. (2016, p. 124), the term research philosophy can be defined as “a system of beliefs and assumptions about the development of knowledge”, i.e. developing new knowledge through

research, from observation to conclusion. The research philosophy is important because it is the conscious or unconscious choices that are made in any academic paper. The research philosophy shapes how the research questions are to be understood and how ones findings are interpreted in relation to the author's basic assumptions. The research onion, devised by Saunders et al. (2016) (Figure 2), illustrates the main philosophical concepts and how these influence the research design and knowledge creation. Before beginning the research process, it is important to identify which paradigm to use throughout the paper (Saunders et al., 2016). As a result, research methods and strategies are chosen based on the selected paradigm.

The positivist paradigm has its roots in natural science, suggesting that only one genuine truth can exist. It generalizes to make rules or laws, often by observing social reality and afterwards finding universal rules and patterns that can explain and predict behavior or future events. It promises accurate knowledge that cannot be ambiguous, because it states 'given' knowledge (Saunders et al. 2016). If a researcher has chosen this paradigm, he or she will focus on viewing organizations or other social units as physical objects or natural phenomena. Objectivity is essential and results are neutral because researchers maintain their objective stances. Their research will focus on observations and measurable facts because these are considered meaningful or credible data. Typical methods used are deductive, structured methods of analysis based on large, measurable samples.

Critical realism focuses on explaining what is observed and experienced. Critical realists emphasize reality above all and see it not only as external and independent, but also as something that can be deceived by our senses. They claim that the world can be understood in two steps: first, we experience sensations and events and second, we take in these sensations and process them in our minds in order for us to "reason backwards" from the experience itself to the underlying reality of the situation. Critical realism expects objectivity just as the positivistic paradigm but it is known that researchers are biased by their own views, culture and upbringing. It is the analysis of pre-existing structures.

Interpretivism distinguishes between physical phenomena and humans because humans create meanings; interpretivists study these meanings. These meanings cannot be studied in the same way as physical phenomena. Therefore, social science research needs to be different from natural science research. Human behavior is of such complexity that it cannot be reduced to the law-like generalizations made by positivists. Focus lies on complex social constructions that are influenced by narratives, individual perceptions and understandings. A researcher's interpretation of data is somewhat subjective and is typically based on small inductive samples, but it is not limited to this (Saunders et.al, 2016).

Postmodernism focuses on language, including the spoken word as well as silences and repressed meanings. This paradigm seeks to question accepted ways of thinking in order to express alternative marginalized understandings (Saunders et. al, 2016). Objectivism is rejected and the focus lies on the movement, fluidity and change in language; at the same time, language is seen as partial and inadequate. Research is typically done through deconstructive reading of texts and realities in order to make them work against themselves. The favored research method is qualitative research.

The pragmatic paradigm values reality and thereby the practical effects of ideas. Knowledge is seen as a means to carry out actions successfully. When pragmatists carry out research, they have a problem as their starting point and aim to solve this problem using practical solutions that influence future practice. If undertaking pragmatic research, the most important factor would be the research problem and trying to address this. If the research problem does not suggest that only one type of method or knowledge should be used, the view of the pragmatist is that it is possible to work with different methods and kinds of knowledge (Saunders et. al, 2016).

The chosen paradigm

For this thesis, the interpretivist paradigm will be used as the dominant approach. Certain parts of the thesis will be affected by the positivist paradigm. The use of the positivist paradigm will be seen in the part of the paper working with the data collection for the questionnaire. The constructivist and interpretivist paradigm will be used for the data collection and analysis of the primary data, especially the focus groups, knowing that it is difficult to analysis this type of data completely objectively. On the other hand, the goal for the theoretical part of the analysis is to be as objective as possible, which explains why positivism will dominate this section. However, since it is unavoidable to draw subjective interpretations and opinions, the interpretivist paradigm will play an important role in the analysis part of the thesis.

The interpretivist approach focuses on the meanings that humans create. These human meanings and behavior will be studied, but no law-like generalizations will be made out of the research. The focus groups will contain personal narratives and the perceptions of different individuals. These social constructions will be interpreted using the interpretivist paradigm. These interpretations will be somewhat subjective and the samples of relatively small size will be combined with inductive research approaches using the interpreted results to make general assumptions. The quantitative data from the questionnaire serves to back up the qualitative findings and further look into these findings on a larger scale. When qualitative data is involved, the interpretivist paradigm is the primary paradigm because the goal is to understand and maybe even predict human behavior in the future. Therefore, an amount of subjective interpretation is inevitable.

3.2 Methodological approach

The methodological approach of the thesis is guided by the abductive reasoning. This methodological way of reasoning has been used to collect data and explore phenomena in order to identify themes and patterns that can be used for further research. The abductive approach can be seen as a mix of the deductive as well as the inductive approach.

3.2.1 Deductive

The deductive approach moves from the general to the specific. It is a scientific approach that attempts to draw conclusions from general rules and laws. Results will either falsify or verify theories (Saunders et. al, pp. 145, 2016). This method of reasoning is used when offering recommendations for the Honest Company's market entry. In this paper, the deductive research method will be used when working with quantitative data; so that generalized assumptions about the Danish market and its consumers can be identified.

3.2.2 Inductive

In contrast, the inductive approach moves from the individual case to more general rules. It is based upon few empirical results and develops a broader, more general conclusion. This methodological approach is typically used in case studies when only small or limited amounts of data are available and these are used to generalize about topic of study (Saunders et. al, 2016). In the context of this thesis, the inductive approach is used when using the answers from the focus groups to create a broader generalization about the Danish customers' thoughts about non-toxic products and the Honest Company entering the Danish market.

3.2.3 Abductive

What characterizes the abductive approach is that it moves back and forth – a combination of the deductive and the inductive approach. The abductive approach uses known premises to generate testable conclusions and generalizes from the interactions between the specific and the general. The use of data collection is to explore a chosen phenomenon, identify themes and patterns and when these are found, they are put into a framework that is tested through subsequent data collection (Saunders et. al, 2016). Existing theories are tested or incorporated to build new theories or modify existing ones.

3.3 Research strategies

3.3.1 Survey

Quantitative research techniques can include anything from surveys and observation methods to different kinds of experimentation. Surveys constitute a vast topic by themselves. However, there are three main types of surveys depending on how the interviews are conducted. The first type is postal

surveys sent by mail or by e-mail services delivering self-completion questionnaires to potential respondents. The second type includes telephone interviews, which are increasingly used for marketing and research purpose. Many companies conduct this type of survey to obtain general knowledge and information about the respondent. Personal interviews make up the last type of survey, which are known as the most private type of interview, as the respondent and the interviewer meet face-to-face for a session of questions and answers. (Hooley et. al., 2012)

For the purpose of this paper, the self-completed questionnaire has been conducted. The headquarters of the Honest Company has been contacted via e-mail with no success, this could have opened up for further insights into the organization and its operations. The online questionnaire turned out to be a successful method for extracting information and opinions from the participants in a time-efficient manner. The questionnaire was made for self-completion by the respondents and not for the author to carry out. By using an internet-based survey made in Google Forms, it was possible to reach a higher number of respondents in a shorter period of time than it would have taken to carry out semi-structured interviews and transcribe their answers. All respondents had to answer the same questions in a predetermined order to ensure that the questionnaire can be seen as valid, according to Saunders et. al (2016).

3.3.2 Case study

For this paper, the study design is constructed as a single case study, focusing on the Danish market within the following selected product categories: personal care products, household products and other product categories sold by Honest. It will investigate the real-life setting in which the chosen company is going to enter. The ‘case’ in case study refers to a change process or an event among other things (Saunders et. al, 2016). According to Eisenhardt, “Once defined, case study research sets out to understand the dynamics of the topic being studied within its setting or context” (Saunders et. al, 2016).

Saunders’ definition of case covers the very architecture of the thesis; the thesis focuses on an event that is going to induce change on the organization. For this paper, focus groups have been carried out in order to understand the consumers, which constitute the dynamics that are part of the organization’s change process. The thesis will elevate from a theoretical level in the beginning to a practical level in the end.

3.4 Time horizons

This thesis is a cross-sectional analysis as it is limited to a time frame of nine months. Therefore, it has not been possible to collect data over longer periods of time. Consequently, all primary data has been

collected within a timeframe of nine months at the most, ranging from December 2015 to September 2016.

3.5 Data collection methods

The secondary data that is the basis of this thesis is supported by primary data carried out for the purpose of this thesis. The quantitative survey consists of predefined questions for the respondents to answer in order to understand the world from an external point of view as opposed to an individual point of view. In contrast, the focus groups are the basis of the questionnaire and these were used to understand the world and opinion of the individual. By including both approaches, the result turns out to be a broad but also deep understanding of the consumers' thoughts and opinions on the matter. Both methods have advantages and disadvantages, so by combining the two, the best results should be reached by using this method-triangulation. This use of mixed methods is a result of exploratory and descriptive research. The method triangulation will be further clarified below.

3.5.1 Secondary data

Contrary to the primary data collected for this paper, the secondary data has been found in books, academic articles and on the internet. All of these sources are considered common sources for data collection. It has been the key source of data and can be defined as anything from raw data collection to processed data found in the form of a report, a research paper or an article. Considering the limited time frame, secondary data is an effective way for the author to collect and analyze larger amounts of data findings in a short period of time. Secondary data provides background information and offers a context from which primary data is either supported or diverted.

3.5.2 Focus groups

The focus groups were conducted before the questionnaire, making these the basis of the primary research on which the further primary research is built upon. This explorative approach was chosen to gather information about the attitudes and opinions of the respondents and let them answer the questions with no limits to their answers. For this thesis, the qualitative research data will be made up of two focus groups conducted with participants that fit the demographic of the Honest Company. The conclusions that can be drawn from the analyzed data cannot be generalized to all of the Danish population since the number of participants is relatively low and findings can be perceived as somewhat subjective.

The headquarters of the Honest Company have been contacted via e-mail without success, so it was not possible to ask about information concerning a potential market entry in Denmark or Europe.

The focus groups carried out for this thesis will be conducted as semi-structured, qualitative focus group interviews, placing them between structured and unstructured interviews. The focus group questions

have been composed as open questions in order to present the participants with non-loaded questions offering them the opportunity to talk freely and express their opinions. The questions were not made to confirm a point or give short answers but to give the participants a chance to elaborate and share personal experiences and thoughts. Semi-structured interviews in focus groups offer a detailed look into consumer realities and give participants an opportunity to be inspired from other participants (Kvale, 1997).

The primary goal of the focus groups was to uncover the buying patterns and decisions that consumers make when they buy personal care products and household products, especially products with the same product properties of the Honest Company's products.

The content of the focus groups has not been transcribed but can be found as audio files in the appendix (USB drive) handed in with the final thesis. Selected quotes have been featured in writing in the analysis in order to focus on the most important statements and essence of the focus groups. References have been made using timestamps for the featured quotes.

A focus group allows participants to elaborate their answers and be inspired by the answers of other participants. It is also time-saving in the way that multiple people can be interviewed at the same time. The focus group leader can also ask follow-up questions for further elaboration if interesting points are brought up. In the two focus groups, participants were university students, high school students, one person taking a gap year and one person who works. A total of nine people participated in the two focus groups. This can be seen as a small data set. Nevertheless, the data set is considered a homogeneous target group. The focus groups are not representative for all people between the age of 15-35 but the results can be seen as a tendency among them (Kvale & Brinkman 2009: 17-50). The first focus group was carried out at Copenhagen Business School in order to provide a neutral setting that does not affect or create any asymmetrical power relationships between the focus group leader and the participants (Kvale & Brinkman, 2009: 50-137). The second focus group was carried out in the author's living room; a more neutral setting would have been preferred.

The structure of the interview guide is based on overall themes relevant to the topics sustainable and non-toxic products, consumer motivation and accessibility. The questions have been divided into the following topics:

- Personal care
- Household products
- Thoughts behind buying behavior
- The Honest Company
- What is important?

The first part of the focus group questions is about personal care products, where the participants buy them and what affects their buying decisions. This was done to get the participants to open up and talk freely from the beginning. The second part of the questions focuses on household products, where the participants buy them and what affects their buying decisions. Topic three of the questions is an extension to the buying behavior focus. It also introduces the participants to the questions about environmentally friendly and fragrance-free products. The fourth part of the focus group questions introduces the participants to the Honest Company, their mission and their products and some follow-up questions. The last part of the questions investigates the important aspects that influence the participants when buying personal care and household products.

The focus group questions aim to accentuate these topics in order to gain an insight into the buying behavior and choices that consumers make when they buy personal care and household products. Their answers will uncover what the Danish consumers are expecting when buying non-toxic products for their homes. The focus group questions can be found in appendix 2.

3.5.3 Questionnaires

By using a questionnaire, this quantitative research technique will help understand the thoughts of the Danish consumers and what they think about environmentally friendly products, like the ones produced by the Honest Company. The results from the questionnaire can help determine and ‘predict’ the consumers’ future behavior if the company’s products were to be introduced on the Danish market. The questionnaire is of descriptive character focusing on closed questions in order to measure opinions. A survey has been carried out as the quantitative research part of the thesis and it ended up receiving 140 responses. The reliability of the survey is disputable since it does not represent all of the Danish citizens. However, it does represent a sample of the Danish population, which is good enough for this paper. The data collected via the survey will be presented as honest answers as it is assumed that respondents answered truthfully when going through the survey.

The survey was carried out with the purpose of gathering information about the wishes and behavior of the consumers. The questions featured in the questionnaire were based on the answers from the focus groups to follow up and look more into topics brought up in the focus groups. The questionnaire was developed and edited in Google Forms, an online survey service allowing the user to create customized questionnaires that is set up and shown as diagrams with the ability to drag the data into an Excel worksheet.

Once the questionnaire was created, it was shared on the author’s Facebook Timeline with the possibility for Facebook friends and other people to share the questionnaire with their friends on

Facebook. The link was also shared in two Facebook groups with students from the author's line of education. The groups reached 168 and 145 students respectively. With 140 respondents, the number of respondents can be seen as relatively limited. Regardless, the collected data still remains valid. The number of collected responses meets the minimum requirements for producing useable data on which the thesis can draw conclusions, when the data is combined with the explorative and subjective approaches as well as the quantitative data. The collected data can, however, not be used as a foundation upon which generalizations about the whole Danish population can be drawn but it can be used as an input to the thesis's quantitative data.

3.6 Validity

Conduction of own research or collection of secondary data can be questioned when it comes to the validity and reliability of the actual data. This thesis strives to include material from recognized authors and theorists along with articles, reports and surveys carried out by scientists connected to different universities, Danish ministries, and others. All secondary data used in the thesis are current as possible to guarantee accurate results.

3.6.1 Validity and reliability of own empirical research

This section of the chapter evaluates the empirical findings in the thesis by discussing validity and reliability. The term validity refers to the extent to which a concept or conclusion can be defined as corresponding with the real world. This means that the results actually measure what they are intended to measure. (Kvale & Brinkman, 2009: 183-293). One weakness of this thesis is the time limitation, which results in focus groups and surveys being carried out without pilot tests that would have increased the understandability of the questions and thereby limited or erased phrasings that could be misunderstood.

The number of people in the two focus groups presents some pros and cons. On the one hand, a low number offers more privacy and a more intimate environment, which will offer people to "reveal" their thoughts to less people but on the other hand, it may be perceived as easier to judge people based on their opinion in the focus group because it is easier to remember who uttered what. Therefore, people might be more reluctant to speak. This did not seem to be a problem in any of the focus groups. A pilot test could also have shown that one of the questions for the focus groups resulted in irrelevant answers, namely question three. This question could have been deleted. Instead, it was only mentioned in the first focus group but not the second one. When it comes to reliability and whether the same research could be carried out again with the same results, reliability is somewhat limited. Especially qualitative research cannot be carried out repetitively with the same results, meaning that the focus groups gave unique results, whereas it would be possible to recreate the questionnaire results to some degree.

In the questionnaire, 140 people responded. Twelve answers were deleted because they exceeded the age of the target group, 15 to 35-year-olds. The number of men and women who answered the questionnaire was not representative for the Danish population, since 82.8% of the respondents were female and only 17.2% were male.

4. Literature review

This chapter will provide an overview of existing literature within the fields of consumer behavior, strategy and the marketing mix.

4.1 Consumer behavior

The following section will look into the theme consumer behavior and how the behavior of the Danish customers are defined. This will include Geert Hofstede's definition and analysis of cultural differences.

Schiffman and Wisenblit define consumer behavior as follows:

"We define consumer behavior as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs." (Schiffman & Wisenblit, 2010, p. 23)

Consumer buying behavior is mainly influenced by social, cultural, psychological and personal factors. These factors can be considered uncontrollable for marketers to regulate but still they must be taken into consideration when trying to understand the behavior of consumers (Brosekhan & Velayutham, 2013). Consumers are faced with thousands of decision and impressions on a daily basis – flooded with commercials, articles and other important decisions that influence and affect their buying behavior. Understanding customers is a cornerstone on which all businesses must built their business approaches, marketing efforts, etc. (Jobber & Fahy, 2012). This can also applies to Danish consumers and consumers from other cultures.

4.1.1 The Danish consumer

Several characteristics can describe the Danish consumers and the Danish consume market. According to Euromonitor, consumer expenditure on online retailing has more than double over the last five years. Easy access to the internet and more people with smartphones affect the way Danish consumers shop. The same report shows that women shop online in order to save time whereas men value low prices, a wide selection of goods and long opening hours (Euromonitor, Consumer Lifestyle, n.d.). It also shows that mostly families and pensioners buy their groceries online. At the same time, Danish consumers are going back to being more concerned about the quality of their products while also being very price-

conscious. Among those criteria, the busy Danish consumers demand convenient product solutions that make their everyday lives easier but at an affordable price (danskerhverv.dk , n.d.).

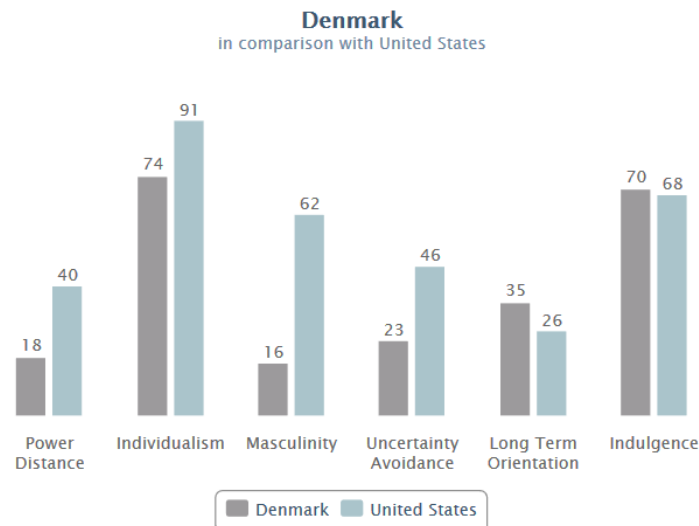
4.1.2 The future for organic personal care products

The future looks bright for organic and natural personal care products and the market is predicted to grow rapidly towards 2020. Technological innovation that can develop cost-effective product lines for well-established brands are expected to be a critical factor of success as the industry grows (Grand view research, 2015). The reason for this changing consumer perception is coupled with the growth of utilized environmentally sustainable products used by consumers. The growing demand for chemical-free hair or skin care products together with the changing lifestyles of consumers has been important factors for the growth of organic personal care products. A factor that can end up affecting the growth of organic product production is the high manufacturing costs that come along. Protocols that force the US to lower their greenhouse gas emission have pushed personal care manufacturers to use more natural ingredients in their products. This will favor industry growth for years to come. This has already resulted in global companies acquiring brands to broaden their clean product portfolio, e.g. L'Oréal acquired Kiehl's and The Body Shop in 2000 and 2013 respectively (Grand view research, 2015).

4.1.3 Hofstede on Danish and US consumers

Geert Hofstede argues that cultural differences exist between nations and that these cultural changes are consequences of globalization. Hofstede measures cultural differences based on six criteria: power distance, individualism, masculinity, uncertainty avoidance, long term orientation and indulgence. These criteria are mostly used in a business context but can also be used to accentuate certain features that characterize a nation. These can therefore be used to compare the Danish and the US market. If looking at these criteria, it is clear that Danish culture and American culture have their differences and their similarities which also applies to their consumers.

Figure 4: Hofstede comparison of Denmark and the US



Source: *The Hofstede Centre*

Some differences worth noticing are the differences in long-term orientation and individualism.

Long term vs. short term orientation. Long-term orientation is about focusing on the future and what will be in the years to come. When looking at environmental implications, a country like Denmark will be focusing more on the future than the US. Even though, the Danish score is not that high on a scale from 0-100, it is still higher than the one depicting the US score (The Hofstede Centre, Denmark, n.d.).

Individualism vs. collectivism. The level of individualism has its opposite in collectivism. The fact that the US has a higher level of individualism can be seen as a sign of them being more interested in themes that affect them directly and not themes that affect people on a wider scale, e.g. environmental issues. Therefore, Denmark having a more collectivistic view on things might also mean that they value themes like environmentalism higher than the US, even though the Danish score is leaning more towards individualistic views on a scale from 1-100 (The Hofstede Centre, Denmark, n.d.)

Masculine vs. feminine. Denmark is dominated by female values whereas the US are dominated by masculine values. Feminine values include caring for others as well as focusing on quality of life in contrast to masculine values focusing on competition, success and achievements. Caring about others and quality of life go hand in hand with an organic and environmental focus on products. Danish consumers have the right premises for welcoming organic, clean products to the market.

This is one interpretation of Hofstede's cultural differences – normally applied on businesses and the behavior of their employees but here, they are seen as a way of describing the Danish consumers.

4.2 Strategy

Within the field of strategy, it is inevitable not to mention Henry Mintzberg and Michael Porter. Porter and Mintzberg do not share the same views on strategy since Porter is an advocate of strategic planning while Mintzberg states that strategy should be crafted not planned as opposed to Porter.

Michael Porter describes strategy as an evaluation of the business environment and that strategy should be defined as a means that help allocate organizational resources based on the anticipated changes that will take place on the market in the future. He also argues that poor strategy formulation and implementation can be blamed on improper or inaccurate evaluations of the environment (West et. al, 2015). Mintzberg does not believe that strategy should be a systematically-made analysis because planning ends up as formulations that cannot foresee courses of action that will take place in the future in an ever-changing marketplace.

“Strategies can form as well as be formulated. A realized strategy can emerge in response to an evolving situation, or it can be brought about deliberately, through a process of formulation followed by implementation. But when these planned intentions do not produce the desired actions, organizations are left with unrealized strategies.”
(Mintzberg, 1987)

More on the strategy topic in the latter part of the thesis.

4.3 Marketing mix

In the beginning of the 1960's, Neil Borden coined the term *marketing mix* as the main activities that make a company's products marketable – also known as the 4 P's of marketing: product, place, price and promotion (Hooley et. al, 2012). Since then, Phillip Kotler added more depth to the concept and other authors added more P's to the original marketing P's. The marketing mix looks into the tactical approaches a company should take within the different dimensions of marketing a chosen product. Implementing strong marketing tactics by applying the four P's to its situation, a given company can set its goals for the future. This thesis will focus on the nine P's in chapter 12.

5. Paradigm shift in consumer behavior

In this chapter, the paradigm shift in consumer behavior will be introduced in detail in order to show the different views and predictions that are made about the future of clean products.

A paradigm shift has been detected, and it concerns the customers shifting from synthetic products towards buying organic and more environmentally friendly products. A report titled “Organic personal

care products (skin care, hair care, oral care, cosmetic, and others) market” has researched tendencies and made a prediction of the future of clean products and has found that the number of organic products being bought within the next five years will increase rapidly. The main driver strengthening the organic personal care market is increasing health awareness across the globe. The shift is also attributed to the environmental and health risks that people associate with synthetic personal care products that may consist of toxic chemicals, e.g. aluminum salts, phthalates, parabens and petroleum based chemicals among many others (Market Research Store, 2015).

Some of the triggers that will help grow the market are a strong growth in distribution channels and a growing number of new product launches. The challenges, that manufacturers will face, are higher prices and short shelf life for e.g. organic products (Market Research Store, 2015).

Multiple sources emphasize that a majority of consumers would be willing to buy with the environment and ethics in mind if they were informed about the aspects that have to do with the health risks, environmental implications and the products being synthetic (Bjørner et al. 2004) (Schumacher, 2010).

Adding certified environmental labels like the Nordic Swan has shown a significant effect on consumer brand choices within product categories such as toilet paper and detergents (Bjørner et al., 2004). A study by Ingmar Schumacher also showed that the customer’s demand for ecolabeled goods increases with the consciousness of the consumer but also decreases when customers are more price-conscious. Meaning that companies which meet ecolabel criteria can benefit from having an ecolabel in order to not confuse or make customers uncertain of the product properties. Public awareness helps sell eco-friendly products and creates product differentiation by providing the consumer with reliable information which appeals to consumers with a green attitude and who are concerned with product quality (Schumacher, 2010). This shift in consumer behavior has been gradual and is anticipated to continue in the future, with consumers who are going to be even more interested in buying eco-friendly, organic or paraben-free products (Miljø- og Fødevareministeriet, 2015) (Dansk Erhverv, 2014). This opens up the Danish market for the Honest Company.

6. The Honest Company

This section will provide a situational analysis of the Honest Company. It will contain a short presentation of the company followed by elements of an internal analysis of the company.

6.1 Company profile

The Honest Company was founded in 2011 by actress Jessica Alba and Christopher Gavigan. Both of them had experienced that their children had had allergic reactions to conventional baby products, and

this problem led to the creation of the Honest Company. They wanted products to be non-toxic, good for the environment, nice to look at and affordable if they were going to touch the skins of their families or be in their homes (The Honest Company, Our Story, n.d.).

Honest states that customers can expect; *honesty* when it comes to its products and what is used to make them, *social goodness* that will help communities that need help, *a good conscience* because its products do not harm the environment, *beautiful designs* because good products do not have to look functional, and *help in their everyday life* by delivering the ordered products right on the customers' doorsteps (The Honest Company, Our Story, n.d.) (Blakely, 2014).

The product portfolio of the Honest Company includes a wide range of different products within different product categories. Their products are sold at *honest.com* and *honestbeauty.com*.

Honest.com sells:

- Personalized bundles of products that are sent directly to the customer's address.
- Diapers and baby wipes.
- Baby food.
- Personal care products: including bath and body care, hand soap, sanitizers, sun care and feminine care.
- Household cleaning products: includes laundry items, around the house cleaners and dish care.
- Vitamins for the whole family.
- Gear, décor and accessories.

HonestBeauty.com sells:

- Personalized bundles of products that are sent directly to the customer's address.
- Skin care products like cleansers, hydrators, protectors, enhancers and tools.
- Makeup like lipsticks, foundation, concealers, highlighters, eyeliners, mascaras, etc.
- The newly launched hair care line including products like shampoos, conditioners and styling products (September 2016).

When the makeup line was first launched, they were also sold in pop-up stores in selected US cities for a limited period of time (Reed, 2015). A selection of Honest products is also carried by larger retailers like Target, Costco, Whole Foods, Buy buy baby and Nordstrom (Atkinson, 2014)(Chapman, 2014).

6.2 Boston CG matrix

When looking at the product range of the company, Honest's products can be shown in the Boston Consulting Group matrix. The Boston Consulting Group matrix is usually used to make product line decision and planning the movement of funds but in this case, it will work as a good way to illustrate the make-up of the product portfolio and give an overview of how the Honest Company's products are performing on the market.

Figure 4: Boston Consulting Group Matrix

<p style="text-align: center;"><u>STARS</u></p> <p>Skincare products, lotions and other personal care products</p>	<p style="text-align: center;"><u>QUESTION MARK</u></p> <p>Makeup line Hair care products</p>
<p style="text-align: center;"><u>CASH COW</u></p> <p>Diapers and wipes Subscription bundles</p>	<p style="text-align: center;"><u>DOGS</u></p> <p>Sun block and sun lotions</p>

Source: own creation inspired by West et. al 2015, page 115.

Star: When it comes to skincare products, lotions and other personal care product, these types of products are selling quite well but they are not the leading products of the company. On the other hand, the products are selling well and are often featured in the customized bundles.

Cash cow: The company's cash cows are the wide selection of diapers with different designs and baby wipes. Diapers and wipes are sold in bundles as well as separately. They were among some of the first products the Honest Company introduced and since then they have been bestsellers. Most of these products are bought via the company webpage by subscribers or recurring customers (Atkinson, 2014).

Dog: In July 2015, the Honest Company experienced an uproar on social media after a change in the formula for sunblock products left consumers with severe sunburns. Honest used its transparency to defend itself since the amount of zinc used in the product was stated on the website (Zarya, 2015). Because of its open and honest approach to the product's performance, an opportunity to relaunch a new and improved formula for the sunblock products has emerged. Nevertheless, the future success does depend on the consumers and if they will trust Honest again when it comes to sun protection.

Question mark: Some of the newer product launches, including the makeup line and the hair care series, are still relatively new to the company and their success or failure will be visible in the future.

6.3 The McKinsey 7-S Framework

When introduced in 1970's, the 7-S framework was made for evaluating organizational effectiveness. The framework indicates how different factors are interrelated within a company and how these factors influence a company's ability to change. The 7-S Framework is a great tool for understanding the complexity of the company (McKinsey&Company, 2008).

Shared values

The Honest Company's **mission statement** includes making the right choices within the areas mentioned in the company profile. The company also emphasizes health and sustainability by reducing the presence of toxic chemicals in the environment; the natural environment as well as personal and man-made environments. Honest will do this by minimizing waste and have an environmental view on all aspects of the company (The Honest Company, Our Commitment, 2016). This value is shared within the whole organization.

Skills

The company's skills can be described as the organization's core competencies and distinctive capabilities. For the Honest Company, the skillset is the production of unique, clean, quality products and the way these products are marketed and sold. Some products are made of plant-based ingredients, some are hypoallergenic, fragrance-free, paraben-free or silicon-free, depending on the product. Ingredients are listed on the websites so it is easy for the customer to see what the products do and do not contain (Chapman, 2014).

When it comes to **the company's marketing strategy**, Honest does not use conventional commercials and marketing. Because of its e-commerce business model, the company uses social media for marketing purposes as well as positive word-of-mouth among customers and articles written for larger magazines about Honest. Additionally, the founder Jessica Alba is a well-known actor who shares her life on social media along with being featured in fashion and gossip magazines. CEO Brian Lee has also stated that Honest had to hold back marketing efforts because the company had reached capacity-fulfilling orders (Chapman, 2014).

In terms of online appearance, the Honest Company is represented on a multiple social media platforms. Honest has 1,907,994 followers on Facebook, 610,000 followers on Instagram and 98,981, as of August 28 2016 (Facebook.com, Instagram.com, Twitter.com).

Staff

Staff includes the organization's human resources, its demographic and the attitudinal characteristics of its employees. Seeing that it was not possible to get in contact with the Honest Company, this is hard to answer. The only thing that the author wishes to add is that the employees seem to share the same values as the company.

Style

Style includes the typical behavior patterns of key groups within the company, such as managers and other professionals. Again, as a result of the lacking contact with the Honest Company, this factor is hard to determine.

Systems

Systems comprise of the formal procedures for measuring, rewards and resource allocation. It is hard to say something about this point but CEO Brian Lee did say that Honest was serving at full capacity, which could be a measure of production and success. In terms of **internationalization**, Honest sees an international expansion as the next big step for the company in order to expand to a larger customer base (Loeb, 2014). Honest currently ships within the US and to Canada, and are planning to expand to England, Australia and China in the future (O'Connor, 2015).

Structure

Structure includes the division of activities within the company and how the units within the company relates to each other (McKinsey&Company, 2008). Once again, it is difficult to know the structure of the Honest Company because Honest did not respond to the author's inquiry for information.

Strategy

Strategy focuses on the main purpose of the business and the way the company seeks to enhance its competitive advantage. **The business model** of the Honest Company was designed as an e-commerce model with the customer in focus. Firstly, the company differentiates itself from other companies by focusing on clean and safe products so consumers do not have to worry about allergies and the like. The primary target groups of the company are young families and people within the ages of 15 and 35 (Atkinson, 2014). With the 2015 launch of the new makeup line, the company hopes to reach a larger and more diverse target group. Honest knows that its customers have busy schedules so it has incorporated monthly subscriptions delivered to the customer's doorstep into its business model. The product bundles that customer can subscribe to on Honest's homepages are customized by the customer self, and 80% of the company's revenue comes from the monthly subscription service and other products bought on a recurring basis on the website (Chapman, 2014). The prices of the products have been set relatively low and are kept low for customers by direct shipping, so retailers do not have to receive a cut of the selling price if the products are bought directly from the Honest Company (Atkinson, 2014). The company's goal was to produce affordable products for regular people with regular salaries (Blakely, 2014). However, the products sold at *honestbeauty.com* have higher prices and are sold as prestige products. Founder Jessica Alba explains: *"I couldn't achieve the same quality and payoff with the ingredients we used, if we had gone mass. We won't use cheap filler ingredients, but really high-quality botanicals, which are a lot more expensive — that's why we had to create a beauty line at a prestige price point"* (Hou, 2016).

7. External environment analysis

This chapter will include analyses of the external environment in which the Honest Company operates. This will be done by including classic marketing models like the PESTLE model and Porter's five forces. The findings in this chapter provide the reader with an overview of the issues that the Honest Company will face on the Danish market.

In this chapter, the external environment in which the Honest Company is to operate is analyzed. The external environment can be affected by various factors, therefore the PESTLE model is used along with Porter's five forces with the addition of Downes' three forces.

7.1 PESTLE

The environment in which a company operates is important to know and understand in order to be prepared for changes and challenges that might occur. A PESTLE analysis looks into the political, economic, social, technological, environmental and legal environment. Any company has to be aware of these aspects because they are not able to change them, they can only work with them (West et. al, 2015). In order to be prepared for the dynamic business environment of tomorrow, the only guarantee is that the environment is different from today. The company will in some cases be able to anticipate changes and initiate changes to the advantage of the company. The company has to take the broadest boundaries of the company's activities into account in order to benefit from this analysis of the external environment (Sondhi, 2008).

Political aspect

These aspects influence the extent to which the government maybe influence a certain industry or the economy of the country. One example could be that a government may impose new taxes and these changes may affect the revenue generation of a given company. Political factors include Fiscal policy, tax policies, trade tariffs, etc., and the government may levy around a fiscal year and this may have an influence on the business environment, here meaning the economic environment (pestleanalysis.com, n.d.). Political aspects are relevant to the external environment because these changes are made by politicians and they can affect any given company and its selling or advertisement procedures for example.

Economic aspect

Economic factors are determinants of the economy's performance and these can have direct impact on a company also in the long term. An example of this could be a rise in the inflation rate which would affect the pricing of the company's products and services. It would also affect the purchasing power of the consumer which would then change the demand vs. supply models within that economy. These

economic factors include interest rates, economic growth patterns, inflation rate, foreign exchange rates, etc. (pestleanalysis.com, n.d.).

Social aspect

These factors look into and work with the social element of the market and include factors like demographics, cultural trends, population analytics, etc. An example of this could be buying seasonal trends for Western countries e.g. the United States where the demand for certain items is higher during the Holiday season (pestleanalysis.com, n.d.).

Technological aspect

Technological factors have to do with innovation within the tech sector and if these innovations may affect the operations of the market or the industry in a favorable or unfavorable manner. This innovation and technology may refer to research and development, automation or the technological awareness that a market possesses (pestleanalysis.com, n.d.).

Legal aspect

The legal aspects have both external as well as internal sides, meaning that certain laws may affect the business environment in certain countries, despite the fact that there are other policies that the company maintains for itself. Legal analyses have to take this into account from both angles and create strategies around these legal challenges. Some examples are labor law, safety standards, consumer laws, etc. (pestleanalysis.com, n.d.).

Environmental aspect

The environmental factors include all the factors that are determined by or influenced by the surrounding environment. This aspect is especially important for certain industries in particular agriculture, tourism, farming, etc. Factors that would be part of a business environmental analysis include but are not limited to geographical location, climate, global changes in climate, weather, environmental offsets, etc. (pestleanalysis.com, n.d.).

Discussion

The Danish political environment is worth noticing for the Honest Company when entering the market. First of all, it is important to note that taxation is higher in Denmark compared to other countries worldwide. Value added taxes add an extra cost of approximately 25% to the finale product price. There might also be other taxes that a company like the Honest Company needs to be aware of (Bræstrup, 2015). This will force the Honest Company to raise its prices a bit compared to its US prices.

The European Commission must also be informed about the products that a company wants to sell in order for it to be registered and then later on approved (Miljøstyrelsen, n.d.). As a result of the Honest

Company's large product portfolio with different product categories, there will be different rules and legislation for some products, e.g. in relation to product additives. Therefore, it is important for Honest to be up to date and follow any political developments within rules and regulations.

As mentioned above, the Honest Company has to be aware of two sets of rules; the Danish ones and the ones from the European Union. Denmark has to respond to EU regulations. Therefore, Honest has to look into both sets of laws and regulation, especially environmental law and competition law.

When it comes to the economic aspects, the Honest Company can be pleased that it can save the high Danish minimum wages if its products are sold online or through well-known retailers with their own staff. Another economic aspect that should be considered is that the amount of purchased personal care products might be affected by the health of the economy. According to the Lipstick Index, when the economy goes down, the sales of lipstick goes up because women indulge in smaller purchases (Dowd, 2001). Meaning that a strong economy might have women spend their money on more expensive products like dresses and shoes but then again, when consumers have more money in their hands, they are more inclined to spend money on quality products like the ones offered by the Honest Company.

For the Honest Company, the changes, that have occurred during the last decade, are to its advantage in the sense that the social trend to buy greener, better, cleaner products has opened up the market place for the company (Market Research Store, 2015). This tendency or shift in consumer buying behavior is predicted to continue in the future, meaning that the Honest Company should focus on establishing itself on the market so that Honest is a well-known brand that can grow with the growing demand for eco-friendly, organic or paraben-free products (Miljø- og Fødevareministeriet, 2015) (Dansk Erhverv, 2014).

The technological aspect has helped the Honest Company build the company it is today. Many of the products bought by consumers are purchased directly from the company's website. Without its online shop, Honest's success would not have been as great as it is. The way they communicate with customers on social media is also thanks to new technology. It is important to have a constant presence on social media and an updated website. Consumers demand that they can find the needed information about products online. Lastly, the massive use of social media for advertising in Denmark makes it more or less obligatory for Honest to be present on social media platforms.

Lastly, the Honest Company has a strong sense of the environment and local initiatives. The company works with health, sustainability and has the surrounding world in mind and this has been thought into the business model of the company. At the same time, Honest focuses on reducing the presence of toxics and chemicals in the natural environment like air, soil and oceans. Among many other initiatives, Honest tries to protect natural resources by minimizing waste and maximizing use and reuse of certain

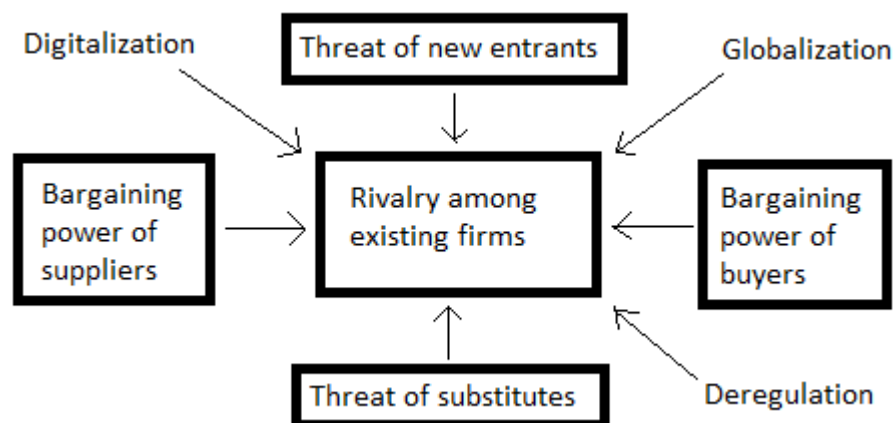
materials (The Honest Company, Health & sustainability, n.d.). All of these initiatives fit the Danish market and Denmark's focus on green energy and creating a better environment.

7.2 Porter's 8 forces

Michael Porter offers a useful framework for assessing competitive forces and key players on the global, regional or local market. His framework illustrates that five factors influence the given structure of an industry. The five forces include the bargaining power of buyers, the threats of substitutes, the bargaining power of suppliers, the threats of new entrants and the intensity of rivalry among the companies that are already present at the market. Michael Porter argues that a company that wants to enter the market place must gain a competitive advantage in at least one of his five forces. The main purpose of using Michael Porter's five forces model is to analyze the industry in which a company wants to operate or already operates (West et. al, 2015).

Larry Downes adds to this framework because he does not believe that Porter's assumptions are viable anymore. Downes adds three more forces to the existing framework: digitalization, globalization and deregulation. According to Downes, all industries are changing due to the changes that have taken place within the technological fields, and he finds that Porter's five forces are inadequate when it comes to explaining the competitive forces within a given industry (Recklies, 2015).

Figure 5: Porter's eight forces



Source: Own creation inspired by Hooley et. al (2012), p. 68.

Competitive rivalry within the industry

The centre of Porter's model is industry competition and includes the number of competitors present at the market within a given industry. These competitors include new entrants to the market, established players and stagnating or decreasing companies, seen in terms of their market share. The intensity of rivalry depends on a few different factors (Hooley et. al, 2012).

One crucial factor is the structure of competition, meaning that rivalry is going to be more intense if there is a large number of smaller companies or a few equally balanced companies. The competition for an extra percentage point of the market is intense and often dominated by a high level of advertising, continuous launches of new products and extensive price competitions. If there is a clear leader on the market, rivalry will be less intense, since this one company will have large cost advantages (Hooley et. al, 2012).

Another factor is the degree of differentiation when it comes to the product offered. Commodity products do encourage rivalry to a higher degree compared to highly differentiated products that are harder to copy. The reason for this is the low switching costs for customers – the cost (financial or inconvenience, etc.) to a consumer of changing from one brand to another (Jobber & Fahy, 2012).

If market growth is low, especially in the maturity and decline phase of the product life cycle, individual company growth can only be achieved at the expense of competitors, meaning that rivalry will intensify. In this phase, price competition is a way to secure sales and get rid of excess production capacity (Hooley et. al, 2012).

It is also worth looking at the strategic objectives of the competitors. If competitors are pursuing a build strategy, instead of an either hold or harvest strategies, the other competitors on the market are going to feel threatened and therefore, competition is very likely to become more intense (Jobber & Fahy, 2012). However, if the market turns around and offers high growth, rivalry will go down because it is easier to gain new customers instead of stealing customers from the competitors.

High exit barriers are also a factor that affects rivalry. Rivalry will be more intense if barriers to leave an industry are high as a result of either a lack of opportunities on other markets or high costs of closing down plants. Meaning that companies that otherwise would have left the market and pursued other possible markets, now stay at the market and compete with the other companies (Hooley et. al, 2012).

The threats of new entrants

New entrants can raise the level of competition in the industry and thereby reduce the attractiveness of the industry. These new entrants can be limited by entry barriers. Some industries have high entry barriers such as pharmaceuticals, whereas other industries have very low entry barriers, e.g. the restaurant business. Key entry barriers include economies of scale, capital requirements, switching costs, access to distribution and expected retaliation (Jobber & Fahy, 2012).

Entry barriers are low where costs of entry are low. One example could be the Internet and the way, it has opened up the market for lower-resourced competitors. Companies no longer have to have substantial capital or investments for entering the market. Amazon.com is a good example of this since

it entered into online book retailing with very modest capital because there was no need for investments in physical stores like existing book retailers (Hooley et. al, 2012).

If differentiation is low between the products of the existing competitors in the market, it is more likely for new entrants to offer something, new, valued and unique to the market. This also makes it easier for the customer to change from one product to a better or differentiated product (Jobber & Fahy, 2012).

Another factor that opens up for market entry by new entrants is if there are gaps in the existing market. More opportunities arise for entrants to establish themselves if segments of the market are underserved or neglected by existing incumbents. This occurs if incumbents are not paying attention to a highly segmented market and as a result, they do not serve the wants and needs of the customers adequately, providing tempting opportunities for new entrants (Hooley et. al, 2012).

The last factor that determines if market entry is easy or not is if competitive retaliation is anticipated or not. This means that existing players on the market are ready to defend their market position, threatening new entrants in order to keep them out of the market or focus on other parts of the market. This anticipated retaliation was carried out by IBM in the 1980s to such an extent that competitors entered different sectors of the market instead of going to war against IBM. However, if incumbents are considered weak and unable to defend their position on the market, new entrants will enter the market. This happened as a result of the financial state of large airline carriers in the end of the 1980s and the 1990s. The existing players had little to no leeway to retaliate against new entrants leading to low-cost entrants undercutting the prices of existing players on the market (Hooley et. al, 2012).

The threats of substitutes

The presence of substitutes can lower the attractiveness of the industry as well as its profitability because they constrain price levels. An example of this is coffee and tea which can be seen as fairly close substitutes in most European countries. Meaning that an increase in coffee prices would result in an increased attractiveness of tea among price conscious consumers. The level of threat that substitutes pose depends on the buyer's willingness to substitute one product with another, the cost of switching from one product to a substitute and the relative price and performance of substitutes (Jobber & Fahy, 2012).

New entrants are able to use existing technology to their advantage or leapfrog their way to a success on the market. One way of increasing competitiveness of an industry is by making existing technologies redundant, something that happens even more these days due to smartphone technology. Products like pocket calculators, compasses, timepieces and analogue television have been added into this one

product. Rapid changes intensifies competition between companies as they try to stay ahead of their competitors (Hooley et. al, 2012).

Incremental product improvement does not have to provide revolutionary solutions but especially within the technological business, product offerings become dated quickly. Before the product has been developed, produced and shipped, better alternatives are present at the market (Hooley et. al, 2012). A good example of incremental product improvements is the change from postal letters, to emails, to SMS text messaging to online messaging platforms like Facebook Messenger and WhatsApp.

These threats can be lowered by building switching costs, real or psychological, e.g. by creating a strong brand personality and maintain a price that corresponds with the perceived customer value (Jobber & Fahy, 2012).

Bargaining power of suppliers

The power balance between the members of an industry, its customers and its suppliers can affect the competitive level experienced on the market. The costs of components and raw materials can affect a firm's profitability in a major way. If the bargaining power of the supplier is high, the prices on components or raw materials will be high as well. The bargaining power of suppliers are high when there are many buyers of a product but few suppliers or if their products are differentiated and of high value.

The same goes if the industry is not one of the key customer groups of the supplier. At last, the threat of the supplier integrating forward into the industry as well as no threat from buyers to integrate backwards into supply, can also affect the bargaining power of the supplier (Jobber & Fahy, 2012).

A firm is able to reduce the bargaining power of suppliers by seeking new suppliers and by threatening to move backwards in supply.

The bargaining power of suppliers increases if the cost of switching from one supplier to another is high. This might happen if suppliers can provide key ingredients or components that are difficult or costly to purchase elsewhere. If offerings from suppliers are many, their bargaining power decreases. A way to solve this problem could be for suppliers to band together in collectives to increase their power (Hooley et. al, 2012).

The last factor that affects suppliers' bargaining power is the level of differentiation in the products they can supply. Bargaining power goes up the more differentiated, distinct and special the product is. An example is Intel and its supply of computer chips that have been branded in a way that their reputation is

so strong that its bargaining power has gone up among computer manufacturers and assemblers (Hooley et. al, 2012).

Bargaining power of the buyers

The bargaining power of buyers can also affect the degree of competition within an industry. The bargaining power of buyers go up when the number of dominant buyers is lower than the number of sellers. Meaning that larger buyers more or less can dictate their wishes terms to suppliers (Hooley et. al, 2012). It also increases when products are standardized so it is possible to change to another supplier without it affecting the quality of the product.

Buyers can also threaten to integrate backwards into the industry and steal work from other suppliers. Finally, if the industry is not a key supplying group for buyers or if suppliers do not threaten to enter into the buyer's industry, then the bargaining power of buyers are high (Jobber & Fahy, 2012).

Digitalization

Every year, the power of information grows and with the internet, all players in the market place have access to far more information than before. In this way, new business models can emerge and enter from outside the industry and change the basis of competition on the existing market. Downes argues that people who use the five forces model would not see changes coming in time (Recklies, 2015).

New technology has opened up for more competition because new entrants are entering in also every industry due to the creation of online stores. This adds pressure on existing players on the market to also engage in online sales. Suddenly, regional or competition have been replaced by worldwide competition.

The internet also provides customer with more information to decide what do buy and where. Meaning that companies have to advertise online and make the customer aware of their existence because a staggering number of alternatives is also present in the market place (Hooley et. al, 2012).

Globalization

Nearly all businesses have the opportunities to buy, sell and operate on the global market because of the improvement in communications and distribution logistics. At the same time, consumers have the chance to compare prices and shop worldwide. This means that even mid-sized companies focusing on the local market can find themselves on the global market (Recklies, 2015). Globalization opens up for the free movement of products, people, companies, money and information because cross-border obstacles have been minimized through the years. Globalization opens new markets and makes access to technology, skills, customers and resources easier than ever before (Hooley et. al, 2012).

The global, networked market requires better strategies. It is not enough to be price-leader or quality-leader, like it is suggested by Porter in his Generic Strategies model. Competitive advantages emerge if the business has the ability to build lasting relationships with new customers and networks of partners who might be far away (Recklies, 2015).

Deregulation

Governmental influence in many industries has been reduced in the past decade, e.g. within the airline, utilities, banking and communications sector in Europe as well as the U.S. Information technology makes the organizations able to restructure their businesses and look out for other alternatives. Downes sees information technology as the foremost difference between Porter's strategic world and the world influenced by his own new forces. IT used to be a tool for implementing change but these days, technology is the most important driver for change, according to Downes (Recklies, 2015).

Deregulation has resulted in a significant decrease in the amount of barriers to enter most industries. When entry barriers are decreased, it makes entering the market easier for new entrants. Therefore, the total amount of competitors on the market will go up. Deregulation has shown to increase the number of mergers even in stable industries because of the removal of certain barriers and rules (Recklies, 2015).

Discussion

When the Honest Company enters the Danish market, it will be competing against a number of well-known competitors on the market. As a result of the broad product portfolio, the company will also be able to stand out among these competitors. Honest is going to compete against a number of brands such as L'Oréal, Kiehl's, Nilens Jord, Clinique, Neutral, Änglamark, Matas stripes, Pampers, Huggies and a selection of other brands. These brands operate within the same product categories as the Honest Company: personal care products, diapers, natural makeup, clean household products, and the like. Because of the large amount of competitors, it is important for Honest to build a strong brand name and advertise differentiated products so it can attract customers and compete with the current players on the market.

In order to survive on this highly competitive market, Honest has to be creative and innovative in its approach to the Danish market. The Honest Company should use its broad product portfolio and high-quality clean products as an advantage when entering the Danish market. Its offerings are different from other brands in the sense that the Honest Company offers a lifestyle brand which covers multiple products categories that most consumers buy at some point. The brand should be for people who actually care about the content of their products. By offering a lifestyle brand, there is less to think about for the customers who are already exposed to many choices everywhere, everyday. If the customer

understands and values Honest's values, it makes it easier for the customer to make good choices in a shopping environment.

The Honest Company should also be present in stores where competitors are present and available in multiple stores so that customers have easy access to its products.

Entry barriers are relatively low because of the rise of the internet and online shopping meaning that it is easier to enter the market for Honest but also new competitors. Being a new entrant itself, Honest's first priority should be to focus on the threat of well-established brands on the market. There is no direct competitor to the Honest Company since no other brand can offer so many different products under one brand name. Therefore, Honest needs to convince the customer that it is a good thing to be consistent with product purchases from only one brand more or less but that this purchasing style can be seen as a lifestyle choice.

If the Honest Company is able to truly differentiate its products from its competitors, it will be the sole supplier of a lifestyle brand like the one Honest offers. Meaning that the bargaining power of the Honest Company as one of the only suppliers of this lifestyle product solution with at-home delivery, will be high and it will have a greater ability to set the terms for trade on the Danish market. It is, however, important to build a large customer base first. If the number of buyers is low, which may be the case in the introduction phase, then the bargaining power will transfer to the buyers because the supplier is unable to make a profit without the buyers purchasing its products. Therefore, the buyers' wishes must always be kept in mind by the supplier and these wishes will be investigated in the following chapter.

8. Empirical data and findings

This chapter includes an analysis of the quantitative and qualitative data collected in this thesis. The findings are based on the responses from two focus groups and are supported by a questionnaire.

In this paper, the primary data collection consists of two parts. Firstly, it will include two focus groups and an online questionnaire. The focus groups consisted of nine participants in total and they were between the ages of 19 and 25. The average age is 21.8 years old. The quantitative part of the data collection consists of 140 responses of the questionnaire. Yet, the responses not within the target group of the Honest Company, people between 15 and 35, have been sorted out leaving 128 responses for the further analysis. Firstly, the results from the focus groups will be evaluated, then the results of the questionnaire will be evaluated and in the next chapter, the results will be analyzed and used for the identification of key findings.

8.1 Focus groups

The questions for the focus groups were divided into five different topics. The five topics are personal care products, household products, thoughts behind buying behavior, the Honest Company and what is important. The outcome of the focus groups will be investigated below. The questions asked in the focus groups can be found in appendix 2. The interviews are enclosed as audio files (see the USB drive).

Focus group one

- A - Anne Marie (age 24), university
- B - Mette (age 25), university
- C - Louise (age 23), university

Focus group two

- D – Mille (age 19), high school
- E – Tobias (age 22), university
- F – Michelle (age 20), gap year
- G – Clara (age 19), high school
- H – Line (age 22), university
- I – Kristina (age 22), work

8.1.1 Personal care products

The first question in the two focus groups was included to establish an idea about where and why the respondents buy their personal care products. This question revealed that the purchasing habits of the respondents depend on the usage of the product. Products used in large quantities, e.g. shampoo and body lotions, were bought based on an impulse when grocery shopping. Respondent D says: *“Something like shampoo that you use a lot of, we just buy in Netto where it is cheap and easy. It does not have to be a particular brand or quality as long as it cleans the hair.”* (Audio: Focus group 2, 1:48).

The stores that were emphasized the most by the respondents were supermarkets, cheap retailers like Normal and Matas. Matas was mentioned by all respondents in both focus groups, especially because of their large selection of different products. Respondent B adds: *“Mostly Matas, that is a good place. They have everything.”* (Audio: Focus group 1, 1:43).

The analysis of the two focus groups shows the importance of price and well-known products. As one respondent says: *“For me, it is important that I know the product. I will not just go out and buy a new face cream.”* (Audio: Focus group 1, 2:03). Meaning that the respondents want to know what they can expect from the product but at the same time, they stress the importance of low pricing. Some of the respondents point out that it depends on the product type and purpose. Respondents are more price conscious when the product is used frequently and in large quantities, opposed to face products which is often repurchased and bought in the same store. It is clear that these products are bought for their special properties treating different types of skin, e.g. problem skin, oily skin, dry skin or skin prone to redness.

8.1.2 Household products

The next topic was household products. When asked where they buy their household products and why, the answers were considerably unanimous – household products have to be cheap and they are mostly bought in supermarkets or cheap retailers like Netto. As respondent B says: “*Definitely, the cheapest product from Netto.*” (Audio: Focus group 1, 3:40).

Some respondents called attention to fragrances; some only wanted household products with citrus scent while others preferred fragrance-free products. Another point that was brought forward was that half of the respondents in focus group two said that they are now thinking more about added fragrances than they did before.

8.1.3 Thoughts behind buying behavior

Opinions were various when asked if they think about the household and personal care products they buy being non-toxic, fragrance-free or good for the environment. One pointed out that she would buy this type of products if it was the same price as conventional products. Another one pointed out that she would only avoid “blacklisted” products that had been deemed harmful in the press. Some people pointed out that fragrances were important because eco-friendly products are perceived as having a bad odour. One respondents explained: “*Yes, it is something that I think about but not something I buy after.*” (Audio: Focus group 1, 5:05).

The respondents were asked what the biggest challenges were for a company that focuses on eco-friendly, fragrance-free products. They thought that the biggest issues would be the price – because this type of products is often more expensive – and offering products with the same properties as conventional products. Respondent H pointed out that: “*Organic products without fragrances often... you have bought it yourself, where you got some Matas Natur that you refused to use because it stank. It did not smell well and then you don't want to use the product.*” (Audio: Focus group 2, 9:03)

When asked if they would think more about purchasing fragrance-free products in the future, different aspects were brought forward. Both focus group mentioned price as an important factor and respondent C thought that: “*I think that I try to avoid it [fragrances]; but definitely when you earn more money and is not a student anymore.*” (Audio: Focus group 1, 6:50). Children were also mentioned as a factor for changing products. Focus group two added that the fragrance-free products should provide better results than conventional products and that someone should recommend the products to them. If they developed an allergy, they would definitely change products.

8.1.4 The Honest Company

After a short presentation of the Honest Company, its history and its product portfolio, the respondents were asked, what could make them buy the Honest Company's products. Again, price was a concern for both focus groups, suggesting that Honest should lower its prices because of low-price competitors like Levevis and Neutral at the Danish market. Accessibility in supermarkets and other stores were important because some purchase decisions are impulsive and that consumers can trust that the products are actually 'clean'. Respondent D thinks that: *"I think that it depends on the products because I can see the point if you have a baby and you want to keep it clean... but I think that when you talk about skin care products, where you've already found a brand that you like, then you are willing to pay a bit more."* (Audio: Focus group 2, 16:10).

One respondent pointed out that she did not wish for the Honest Company to charge extra for its products for them to do help relief organizations or the like – when it comes to everyday products that you buy often, she did not like the idea of donations.

The respondents were asked what they thought about the concept of a subscription service sending customized bundles to customers on a monthly basis. It was highlighted that bundles are more suitable for families with more people to use the products. One respondent also pointed out that the makeup bundle would be too many products that would be sent at a monthly rate because it is hard to empty makeup products in a month. They were fans of the shipping of the products to the customer's door and that the bundles also come with noticeable discounts. It was also mentioned that the respondents would not buy anything online that they had not had in their hands in real life so they could test the quality and scent of the product. Respondent G added: *"It would take a lot of convincing for me to buy all my products from this one brand, replace all my products. I have many different products from different brands."* (Audio: Focus group 2, 18:51).

The following question was concerned with the distribution of information that the Honest Company should do when entering the Danish market. In focus group one, many suggestions included stores like Magasin – because of its relative expensive product range, pharmacies, Matas and larger supermarkets for household products. In focus group two, online media was the clear favorite. They suggested online commercials, features at blogs or website related to environmental and fragrance-free products and profiles on social media because of the relative young target group. At the same time, they ruled out using posters.

The fact that the Honest Company is an American brand, did not add to its credibility according to focus group one. They suggested that the brand's American background should not be accentuated on the

Danish market. Additionally, the products should be marked with labels like the Danish “Svanemærket” – Nordic Ecolabel.

Another way to build the credibility of the Honest Company would be to ask or pay YouTubers to use and introduce its products to their audience. The respondents added that it would be a good idea to tell the story of the company and why it was founded in the first place – based on an allergic reaction.

Respondent H brings up *“I think a lot about the aspect of children. Parents and babies. There are different degrees of how hysterical parents are about stuff like that. Some of them are crazy and do nearly not dare to go outside with their child if there are car exhaust gases nearby.”* (Audio: Focus group 2, 23:35).

8.1.5 What is important?

When it came to the question regarding the importance of personal guidance in the stores, a tendency became obvious. Respondents reported that personal guidance is only important when you have an actual problem like very dry skin, dandruff or smelly feet. One respondent said: *“I don’t want to. I don’t want to waste my time. I’ll just look for myself and think: this product must be good enough.”* (Audio: Focus group 1, 17:49) while another one said: *“It is easy to find the information yourself, almost just as good online than if you maybe ask a sales person.”* (Audio: Focus group 2, 27:12). In focus group two, two respondents valued personal guidance to a two on a scale from one to five, another two said three and the last two said four. The people who valued personal guidance the most, both pointed out that they expect the sales people to have extra knowledge to help enlighten the customer. Another interesting point was that the respondents mentioned that there was a connection between price and level of guidance – the lower the price, they had less of a need for guidance.

Some of the points brought forward, when asked about their experiences with online purchasing of personal care products, were that the respondents would never buy a products online unless they had already bought it in a store and tried it out at home – and the online price had to be cheaper than the one in the store. As one of the respondents concludes: *“And you have to wait for it to be delivered...and then you’re not at home and have to go down to the post office anyways.”* (Audio: Focus group 2, 30:35).

Summing up the most important buying criteria: the customer has to know or have a relationship to the brand. The price is very important but it is a balance between price and quality, and it depends on the usage of the product. Animal-testing is a no-go, especially for make-up products. The importance of accessibility should not be underestimated, as respondent E says: *“It depends on the accessibility of the product. If you experience a day where you run out of deodorant, you cannot wait. It is that day, you need*

it, and then it is important that you can go to a store and buy something that works.” (Audio: Focus group 2, 33:22)

Focus group two suggests that the distribution of the Honest Company’s products should be done in the following stores: Matas – because it is the first place that people go and it has high credibility, Normal – because they are already selling cheap products from other countries, Bilka and Føtex – people would go there, if they knew that the product was there. Finally, non-facial care should be sold in supermarkets but not all supermarkets because they might lose their exclusivity.

Finale advises that were given at the end of the focus groups include: labeling with recognized eco-labels, getting into stores to make people familiar with their products, handing out samples and having demonstrations and maybe even pop-up shops and maybe sneak in a safe fragrance in some products.

8.2 Questionnaire

The questions for the survey were divided into five different topics. The five topics are demography, personal care products, household products, thoughts behind buying behavior and what is important. The outcome of the questionnaire will be analyzed below. The questions can be found in appendix 3 and the results in appendix 4.

8.2.1 Demography

The questionnaire received 140 responses where 12 of them were people above the age of 35. These answers have been removed from the questionnaire to focus solely on people within the age group 15 to 35 years old. There has been a fairly equal amount of people from Jutland and people from Zealand and Copenhagen. 41.4% of people live in Copenhagen or Zealand, while the remaining 58.6% live in Jutland or Funen. This shows a good representation of people from different geographic areas in Denmark. The demographic data collected in this section of the questionnaire will be cross-analyzed further on in the paper.

8.2.2 Personal care products

When asked where they usually buy their personal care products, 84.4% of the respondents marked Matas as one of the places that they buy their personal care products. Other purchasing options that were fairly popular were Normal, hypermarkets and discount stores that all scored approximately 40% of the respondents answers.

When looking at the criteria that the customers valued as important when buying personal care products, it becomes obvious that price is of great importance for the respondents. 74.2% of the respondents marked price as an important factor when purchasing personal care products. Four other factors were

checked off by approximately 40% of the respondents; the brand, that it is fragrance-free, special product properties and high quality.

The answers of the respondents were fairly divided between the six options but only 28.2% of them responded that environmental friendliness was *important* or *highly important*. With only 128 respondents, the statistic accuracy will be a bit off; by including appendix 5, this inaccuracy can be defined. With 128 respondents in a universe with 5 million citizens, the results of this question will be inaccurate with between 7.9 and 9.7%. If the whole nation would answer, the results could vary from 18.5 to 37.9% finding environmental friendliness important or highly important. This inaccuracy applies to all results from the questionnaire.

When it comes to the importance of products being non-toxic and fragrance-free, 53.1% of the respondents answered that it was *important* or *highly important*. This shows that a focus on the products being non-toxic and fragrance-free can be an advantage for the Honest Company. Children also play an important role when consumers have to buy personal care products and household products. 78.9% of the respondents claim that they will think more about their products being non-toxic and fragrance-free when they have children.

8.2.3 Household products

There is a clear winner when looking at the favorite places to buy household products. Discount stores were chosen as one of the main places to purchase household products by 92.2% of the respondents. 64.8% also added hypermarkets as a place of purchase.

The criterion that is valued the highest among respondents is price. More than 90% of the respondents marked price as an important factor when buying household products. The other factors mentioned in the questionnaire are only chosen by approximately 30% of the respondents and these include special product properties, no fragrances in the product and environmentally friendly products.

When it comes to the importance of household products being environmentally friendly or fragrance-free and non-toxic, the results are very diverse. Seventy-seven point four percent says that it is *important* or *highly important* that their household products are environmentally friendly, while the same number is 35.1% when it concerns non-toxic, fragrance-free products.

8.2.4 Thoughts behind buy behavior

When looking into how often the respondents buy products that are non-toxic, fragrance-free and environmentally friendly, 32.8% of the respondents clicked *often*, while 32.8% checked off *sometimes*. In

both ends of the scale, 7% says that they *always* buy the previous mentioned type of products while 4% claim that they *never* by this type of products.

In order to increase the future purchases among the respondents, the Honest Company would have to accentuate certain initiatives according to the questionnaire. The respondents were divided in their answers; again, lowering prices was the popular choice but other criteria involved more knowledge, a large product selection, readily accessible, if they develop an allergy or to prevent them from developing an allergy. The initiative that scored the lowest was if the products were recommended by a blogger.

8.2.5 What is important?

When asked how important personal help in the store is, 20.3% of the respondents reported that personal help was important when buying personal care products. Fifty-seven percent of the respondents had never bought personal care products online and 42.2% had bought products online. The people who had bought personal care products online, were asked to rate their online experiences on a scale from one to five. 55.6% of the respondents reported that they would rate their experiences with four or five, with five meaning *really good experience*.

The last question asked what would make them purchase personal care products online, and in the top three, lower prices, free shipping and a good functional website were found. Only one criterion was related to the product, the other two are more related to the distribution side of the process.

9. Key findings

In order to answer the sub-question, “which criteria do the Danish consumers emphasize when buying products from a company like the Honest Company”, the results and key findings from the questionnaire and the focus groups will be discussed.

The qualities that the respondents valued highly are based on the results from the analysis with reference to the identification of relevant criteria. With this perspective, the following themes have been identified as important themes: Where they buy and why, Online purchasing, Fragrance-free & non-toxic vs. environmentally friendly, Target group, What is important.

9.1 Theme 1: Where they buy and why

One of the themes that is interesting to bring forward for discussion is the question of where the respondents buy their products and why. It became clear that customers show different buying behavior depending on the product which they are about to buy. Products for face care – creams, cleansers, tonics, masks, etc. – are bought in more specialized stores like Matas, Magasin or at the pharmacy. Products that

they use in larger quantities – shampoo, body lotions, shower gels, etc. – are often bought as an impulse purchase made because the product is there and it appears cheap to the consumer. The same goes for household products

As previously mentioned, 84.4% of the questionnaire respondents replied that Matas is one of the stores, they buy their personal care products. This makes sense, since one of the focus groups pointed out that they have “everything” in Matas when it comes to personal care products. An important point to accentuate from the focus groups is that people are more inclined to buy specific face products from recognized retailers, whereas products like shampoo and body lotion are bought where they are at their cheapest, e.g. discount stores and other low-price retailers like Normal. These products are also often bought as an impulse. This shows that buying behavior depends on the product they are looking for.

When looking at the results from the questionnaire, it is interesting to see people’s preferences for stores. With personal care products, preferences are divided between more stores – Matas (84.4%), Normal (41.4%), hypermarkets (46.1%) – whereas household products are bought nearly exclusively in discount store (64.8%), hypermarkets (64.8%) and Normal (19.5%). The Honest Company should consider introducing their products in these stores, depending on the product.

9.2 Theme 2: Online purchasing

Theme 2 can relate to theme 1 in the way that when asked where they purchase their personal care and household products, many of the respondents chose physical stores. It is, however, worth noticing that 18.8% of the questionnaire respondents buy personal care products online – that is nearly one-fifth of the respondents.

Since online sales are the most important initiative for the Honest Company on the American market, they should also implement it on the Danish market seeing that people would actually purchase their products online. Online sales offer self-service, cutting out the shop assistants and let the customer shop on their own with descriptions and the reviews from other customers as their personal guidance.

Just short of 50% of the respondents have purchased personal care products online and when including the people who have had good experiences with online purchasing on a scale from one to five, more than 50% have had experiences that they would rate with a four or a five. Meaning that when people have bought something online, there is a good chance that they will have an above average experience. It should also be mentioned that 33.3% of the respondents answered *I do not know* to the question and none of the respondents chose one or two on the scale.

When looking at the respondents that find personal guidance *important* or *very important*, it is 20.3% that have this opinion. This can be seen as a rather small amount considering the fact that 77.4% of the respondent do not value personal guidance that highly. This definitely opens up for the choice of using online sales on the Danish market.

In order to identify the initiatives that would make more people shop online, it was clear that the Honest Company should continue with its price reductions if the products are bought in a bundle online because price is an important factor. Moreover, Hoenst should make sure that its webpage works like it does in the US and lastly, free shipping was a wish from the respondents. This could maybe be done by working closely together with stores that have their own web shops, e.g. Matas or Magasin as mentioned previously.

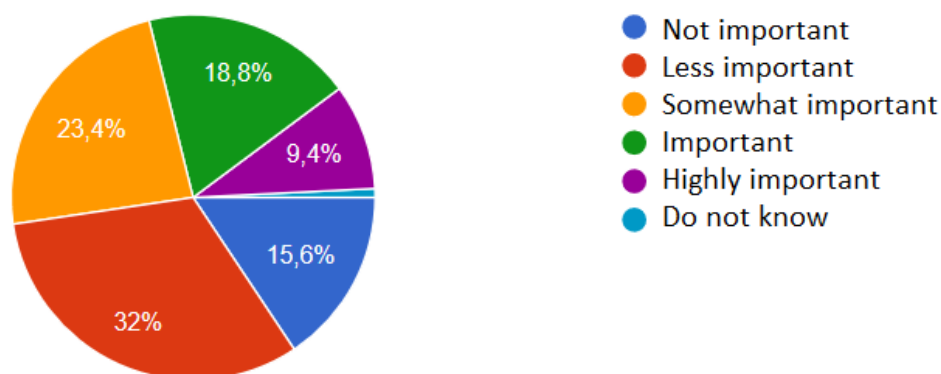
9.3 Theme 3: Fragrance-free & non-toxic vs. environmentally friendly

In both of the focus groups, some of the respondents showed some concern when it came to products being fragrance-free, non-toxic and environmentally friendly. A respondent from focus group one said *“Yes, it is something that I think about but not something I buy after.”* (Audio: Focus group 1, 5:05) while a participant from focus group two said *“I think more about it then I used to. I think about perfumes, parabens and the like, so I buy my body lotion at the pharmacy. I don’t know if it is 100% because of that but just thinking about having it without it more than before.”* (Audio: Focus group 2, 8:08)

What the respondents express is that they are thinking more about the products they use and what they comprise of. This does, however, not show what the consumers value the most. The questionnaire undercovers this question and shows that there is a significant difference between the customers’ attitudes towards fragrance-free and non-toxic products versus environmentally friendly products.

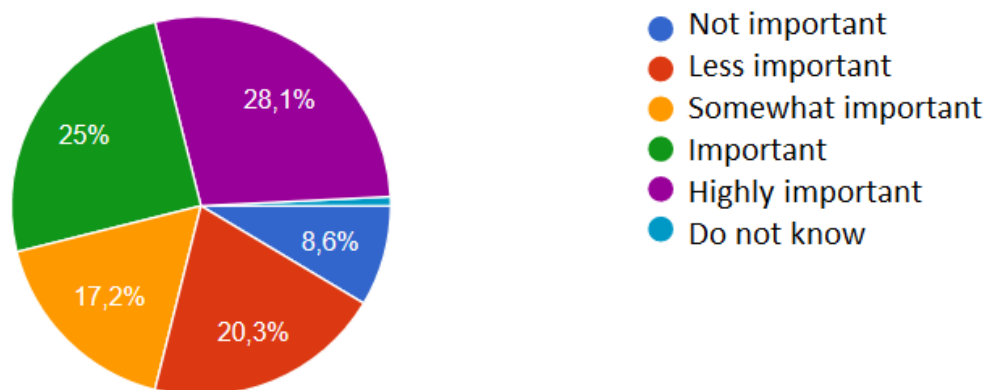
As shown by the two figures below, respondents value fragrance-free, non-toxic products more than environmentally friendly products.

Figure 6: How important is environmental friendliness when you buy personal care products?



Source: Results from the questionnaire, question 9. To be found in appendix 4.

Figure 7: How important is it that your personal care products are fragrance-free and non-toxic?



Source: Results from the questionnaire, question 10. To be found in appendix 4.

This is interesting because it affects the attributes that the Honest Company should accentuate on the Danish market. It is more important to mention what the products do not constitute of toxic ingredients or contain fragrances.

This buying behavior can be seen as a consequence of consumers being more aware of the content of their products because it can affect them (Best health, n.d.). Fragrances are frequently causing allergies, today more than ever, and if the allergy is developed, it will affect all future product purchases. Allergies might not only affect the consumer him or herself but also their children or partner. That might explain why customers care more about fragrance-free, non-toxic products. At the same time, the environment is more a long-term perspective which is harder to relate to because it does not affect the everyday life of the consumer directly.

9.4 Theme 4: Target group

Another relevant theme is to look at the different respondents within the broad target group – people between the ages 15 and 35. The responses from the questionnaire show that some respondents with specific demographic characteristics are even more compatible with the Honest Company and their products than other consumers within this group.

Some of the characteristics are that women value personal guidance in stores higher than men. In the questionnaire, 23% of female respondents said that personal help in stores is *very important* or *important*, while no men said that personal help was *very important* and only 4.5% said that it was *important*. This affects the Honest Company's choice of store if going for store based retailing.

When the respondents were asked how important it is that products are fragrance-free and non-toxic, the percentages of people who answered *very important* or *important* are listed below, grouped by the income of the household in which the respondent lives.

Below 150,000 DKK:	57%
150,001-300,000 DKK:	46%
300,001-500,000 DKK:	66%
+ 500,000 DKK:	43%

This shows that people with a high income think less about the content of their products. There might be different explanations why it is so. Firstly, the sample size of the questionnaire might be too small to show a real tendency. On the other hand, people who have the money to buy more expensive products are not exposed to synthetic fragrances and other synthetic ingredients because of the high quality ingredients that can be found in premium quality products.

The percentages of people who buy environmentally friendly products that are fragrance-free and non-toxic *always* or *often* are shown below:

Capital Region of Denmark:	45%
Central Denmark Region:	45%
North Denmark Region:	40%
Region of Southern Denmark:	30%
Region Zealand:	25%

The larger the city, the more people buy environmentally friendly products that are fragrance-free and non-toxic. The Capital Region and Central Denmark Region have Copenhagen and Aarhus while North Denmark Region has Aalborg. If the region has one or more larger cities, there is a tendency towards people buying more ‘clean’ products, according to this questionnaire.

At the same time, none of the respondents with an income above 500,000 DKK responded *never* to the above question and 14% of them answered *always*. Showing that people with a higher income do care about ‘clean’ products to some degree. In the focus groups, more respondents said that when they will receive a ‘real’ salary, they would buy with a bigger focus on ‘clean’ product. The respondents mostly agreed that students would buy ‘clean’ products if they were cheaper.

9.5 Theme 5: Important criteria

The last relevant theme is the important criteria that consumers look for in a product. The respondents of the questionnaire mostly agreed that price was an important factor when buying personal care products

and household products. Price was more important when it came to household products than personal care products. The focus groups did, however, point out that price is important but it also depends on the product type and the purpose for which the product is made. Meaning that people are more willing to pay for face products than other products. This can be combined with another product criterion – quality.

High quality products were valued to be very important for the questionnaire respondents and again this was confirmed by the focus groups.

What the questionnaire also showed was that 40% of the respondents checked off that it is important that personal care products are fragrance free. This is important information because it shows an actual need for fragrance-free products on the market.

The brand name is also important, according to the questionnaire respondents, and respondents need to have a relationship to the product according to the focus group participants. If they have never heard about the product or have not been able to form an opinion about the brand and its products, it is less likely for them to purchase any of its products.

The last criterion that was important in connection with personal care products was special product properties – meaning that the product is able to solve the problem that the customer is trying to treat, e.g. dry skin, oily skin, hair loss, etc.

When it came to household products, accessibility, environmentally friendly along with price were the three criteria that respondents chose the most. Above all, household products should be cheap and the brand name is not that important to the consumer. People are, however, beginning to think more about added fragrances and environmentally friendliness.

9.6 Sub-conclusion

The previously mentioned key findings can be used to answer the sub-question: which criteria do the Danish consumers emphasize when buying products from a company like the Honest Company?

According to the respondents of the focus groups and the questionnaire, price is of great importance; however, customers also think that other criteria are significant. By keeping these criteria in mind, the Honest Company is able to adjust to the Danish market and its consumers.

Price is the dominating criterion but the other criteria should also be taken into consideration. The Honest Company should not lower its prices but focus on product quality, since this was one of the criteria valued highly by respondents. In this situation, Honest should also take the product type into consideration because consumers are willing to pay different amounts depending on the product; whether it is a ‘quality product’ – face products or products with special properties – or a ‘quantity product’ – shampoo, body

lotions, shower gels, etc. Consumers are willing to pay a great deal more for quality products than quantity products which are often bought as an impulse while shopping.

Online shopping, on the other hand, is not so impulsive but according to the questionnaire, one fifth of customers are open to buying personal care products online. One reason for this can be found in the results from another question concerning personal help in stores. Personal help is not key for consumers because they can find a lot of information online themselves. This is another reason for having a well-functioning website. The only thing that should be noted when it comes to online shopping, is that customers mostly buy products they already know or have heard of. Therefore, the Honest Company must consider how to introduce its products to the mind of the consumer and build a brand name for itself.

At the same time, it is utterly important to inform the consumer about the problems which the product can solve. Specific product properties were also a criterion which was valued highly by questionnaire respondents.

When looking at geography, there should be a focus on the bigger cities, since people tend to buy more 'clean' products in the regions with large cities, according to the questionnaire.

Most respondents express that price and accessibility are the Alpha and Omega when it comes to household products. Broad exposure of the product is the best way to make the consumers aware of the product and maybe even push a sale. Overall, these criteria should be incorporated into the Honest Company's future strategy and tactic.

10. SWOT, TOWS & Key findings

In this chapter, the reader will be guided through the TOWS model; a model used to identify the strengths, weaknesses, opportunities and threats for a company. Additionally, the key issues of the Honest Company will be identified.

The TOWS model is a further development of the original SWOT model. The capital letters that spell out the model's name stands for the four factors that are evaluated in the analysis: strengths, weaknesses, opportunities and threats of the chosen company (Sondhi, 2008). Strengths and weaknesses are internal factors while opportunities and threats are external factors influenced by the environment in which the company works. In this context, the model will be used to pinpoint the strengths, weaknesses, opportunities and threats that the Honest Company has to take into consideration when entering the Danish market. By adding the TOWS perspective to the SWOT analysis, it is possible to identify things that should be changed or opportunities waiting to be seized. In the end, the goal is to eliminate threats,

strengthen areas of weakness, use the strengths of the company to their fullest and take advantage of unmapped opportunities.

10.1 SWOT analysis

Strengths

Quality products - The quality of the products, that Honest Company produces, is considered high, also among customers. Some of the products have been rated the best on the market and so different from other products that customers found it hard to believe (Greenfield, 2014).

Good for the environment - The fact that Honest is focusing on manufacturing products that are safe for people and the environments that we live in, is a large advantage because of the growing awareness among consumers.

Non-toxic products - Many parents are concerned about the content in products that have to go near their families. In general, more people are developing allergies and therefor non-toxic products are being requested and bought more than before.

Online sales - Times are changing and for each year that passes, more people are shopping online. Not only Christmas presents and cheap fashion, but also everyday household items like food and cleaners.

Weaknesses

No/Weak brand name - Even though, the Honest Company is fairly well-known in the US and Canada, they are not a well-known brand in Europe or Denmark for that matter of a fact. This is a weakness because they have to spend a lot of time and money, introducing the brand and its products to the Danish market. If they had a well-known brand, people had maybe heard about them.

No experience in Europe - The differences between the US market and the European market are unknown to Honest so the company has no experience from any of the European markets to draw from yet. They have no background knowledge to build their expansion to the Danish market on.

Price as a competitive factor - In both focus groups, it was mentioned that the prices of the Honest Company seem too high for the Danish consumers. Compared to their competitors and their prices, the Honest Company seems to have a higher price point than other non-toxic, perfume-free products on the Danish market.

Opportunities

A nation of people who care – Danish customers care a great deal about the products that they use on their own skin but also the products that are in close contact with their family on a daily basis.

Online sales – The number of people who buy everything from Christmas presents to house stables, is increasing each year. The Danish customer is growing accustomed to buying his or her products online. Online sales offer the freedom of buying products from home, a quality that the Danes treasure.

Non-toxic trend – For some years, Danes have been more concerned about the content of their products. Testing of products are also a trend that is gaining influence on customers and the industry.

New on the market - The Honest Company has experience some bad publicity in the US, e.g. the lawsuit against them based on the reformulation of a sunscreen formula.

Entering the European market – By entering the Danish market, the Honest Company will have entered the European market. The fact that the Danish market is hard to enter will only make them more prepared to enter other markets in Europe. Entering Denmark will give them valuable insights into running a business in Europe, as an example, dealing with the EU and its regulations.

Brand loyalty – In the US, the Honest Company has experienced great success with their bundles and thereby encouraged their customers to stay loyal. This has been done by using a subscription program that on a monthly basis ships customized bundles to their doors. Brand loyalty can ensure a continuously larger customer group therefor it is important.

Partnerships – The Honest Company could make an agreement with Matas for them to sell their products in their store. Matas can offer trained advisors to help consumers to choose the right product.

Delivery service – Providing the same delivery services as in the US, the Danish customers would enjoy the benefits of not having to go to the store repeatedly.

No strong brand – There is not one brand in Denmark that has a stronger brand name than many others. The Danish market has not fully embraced the non-toxic, perfume-free products so no brand is the obvious market leader, which means that the Honest Company has the opportunity to take over that title.

Threats

Competitors – On the Danish market, a relatively high number of competitors are present. The Honest Company has to be able to offer the customers something that the competitors cannot offer them. The company has to differentiate itself from other brands.

High taxes in Denmark – High taxes in Denmark might lead to even higher prices. As the Honest Company partly positions itself based on price, among other things, this can be a threat to positioning of the brand in Denmark.

Negative attitudes towards products from the US – In one of the focus groups, they were truly concerned by the fact that the products were produced in the US following US standards.

Substitute products – If people are not interested in non-toxic, perfume-free products, there are many alternatives on the market. People who have an allergy has a true concern whether the product is perfume-free or not. On the other hand, people who do not care about the special composition of their products should be reached in another way than people who actively search for non-toxic products.

10.2 TOWS & Key issues

Based on the key findings from the SWOT analysis, the following key issues will propose a number of strategies for the Honest Company to follow in order to improve its situation and minimize risk of future problems.

Figure 8: TOWS

Internal factors External factors	Strengths 1) Quality products 2) Good for the environment 3) Non-toxic products 4) Online sales	Weaknesses 1) No/weak brand name 2) No experience in Europe 3) Price as a competitive factor
Opportunities 1) People care about non-toxic and perfume-free products 2) Online sales 3) Paradigm shift 4) New on the market	S2,S3,O1,O3) Honest's products fit the shift towards non-toxic, fragrance-free products. S1,O4) Honest has the opportunity to build a strong brand name. S4,O2) Honest knows how to sell products online and the percentage of people shopping online is increasing.	W1, O4) Honest has the opportunity to build its reputation, as it wants. W3,O2) Online sales is a way of lowering the prices.
Threats 1) Mature market 2) Competitors 3) Danish taxes 4) Negative attitude toward US produced products	S4,T2) Advertise online sales because competitors are not online. S2,S3,T4) Down-tone the negative attitude towards US products by emphasizing the benefits of the products.	W3,T3) Use higher prices as a sign of quality products. W1,T4) Introduce the brand name without the negative press from the US. W2,T2) Learn from the mistakes of the competitors.

Source: Own creation

Strengths – Opportunities: Use strengths to take advantage of opportunities.

S2,S3,O1,O3 – Honest's products fit the shift towards non-toxic, fragrance-free products. The Honest Company was founded in order to produce products that would not contain toxic ingredients or

fragrances. This product quality goes hand in hand with the current tendency of consumers caring more about the ingredients that their products contain. In the questionnaire, it became clear that respondents care about these features, especially if they are going to have children. The whole philosophy of moving from synthetic to organic products fits the paradigm shift in consumer buying behavior when it comes to personal care products and household products.

S1,O4 – Honest has the opportunity to build a strong brand name. The Honest Company will be a new name on the market and the company offers quality products. If it sets up successful objectives and carry out its strategic and tactic marketing plan in an effective manner, Hoenst will be able to build a strong brand name for itself, sending the message that it offers quality products. In the US, its name is connected with a few lawsuits and in Denmark, Honest will have a clean slate to introduce its brand on.

S4,O2 – Honest knows how to sell products online and the percentage of people shopping online is increasing (Euromonitor, Consumer Lifestyle, n.d.). Honest experiences great success on the American market, selling 80% of its products online and not in regular stores. Combined with the rise of online purchasing, the Honest Company could work with this tendency in consumer behavior and excel at it. This can be done by using its knowledge from the American market and then adapt this approach to the Danish market.

Weaknesses – Opportunities: Use opportunities to transform weaknesses to strengths.

W1, O4 – Honest has the opportunity to build its reputation, as it wants. The Honest Company is new to the Danish market as well as the European market, meaning that Honest can try to build the brand name it wants. Being new to the market, makes the brand interesting for customers to figure out what the company is all about – its values, its product properties, etc.

W3,O2 – Online sales is a way of lowering the prices. Entering the Danish market, might raise the prices on the products due to taxes. Online prices on the American market are lower than the prices offered in the stores. By letting people sign up for the same subscriptions as in the US, it is more likely that customers will stick around for months and also buy more products than they would in a store. This could make people more inclined to buy Honest's products.

Strengths – Threats: Use strengths to avoid or transform threats into opportunities.

S4,T2 – Advertise online sales because competitors are not online. Many of the brands that sell products that are fragrance-free and trying to make products non-toxic, do not sell their products online, e.g. Änglemark, Neutral and the like. Actually, the cheaper the product is, the less likely it is that it can be

bought online. Premium quality organic products can often be bought online but then they come with larger price tags.

S2,S3,T4 – Down-tone the negative attitude towards US products by emphasizing the benefits of the products. In focus group one, the participants were concerned about that fact that the products were produced in America because they would expect them to not live up to their own promises. By emphasizing the product benefits, instead of the origin of the products, they might build greater trust in the company and its products.

Weaknesses – Threats: Effort to minimize both weaknesses and threats.

W3,T3 – Use higher prices as a sign of quality products. The prices of the products might go up due to Danish taxation but this increase in price can also be a sign of quality products that do not retail at discount prices. Higher prices might not be a bad sign as long as the products are seen as quality products.

W1,T4 – Introduce the brand name without the negative press from the US. In the US, the company has received some bad press due to their name and customers claiming that Honest is not as honest as it claims and the failure of the changed sunscreen formula. All of this bad press has not reached the Danish market and therefor the company is offered a fresh start on the Danish market.

W2,T2 – Learn from the mistakes of the competitors. The Honest Company is able to see what its competitors have done in the past and what they are doing now and how it is working for them. Honest can use this knowledge to shape its own strategy and way into the market. The number of competitors offers many strategies and approaches to the market to look into.

10.3 Objectives

Based on the results listed in the previous section, a number of market-based objectives will be identified and listed in the below section. These are based on the results from the TOWS framework. These different problem areas and objectives are defined and put forward in order to propose the best strategies to achieve these objectives.

Recall and recognition – Within the first year, 50% of the population should be able to recall and recognize the Honest Company when asked about the brand name or being showed the company logo.

Customer satisfaction – Since the Honest Company has a business model that focuses on online sales and customer satisfaction, it should aim to reach an online rating of at least 4 out of 5 when it comes to customer service and product quality. E.g. on sites like trustpilot.dk or pricerunner.dk.

Customer retention – Consumer retention should also be combined with customer satisfaction in the sense that, the Honest Company should use the AIDA model to set goals for awareness, interest, desire and action levels for the consumers. The goals are shown in the below figure.

Figure 9: Company objectives (market objectives) (Satisfaction and the AIDA model)

Objective	2017	2018
Awareness (%)	50	80
Interest (%)	40	60
Desire (%)	30	40
Action (%)	10	20
Satisfaction (%)	80	85
Number of outlets (number)	290	296

Source: Own creation

The S has been added to the AIDAS model, since the Honest Company should focus on satisfaction. As mentioned above, customer satisfaction should also be in focus and if customers were asked, if they were satisfied with their purchase at least 80% should agree or strongly agree with the statement (Bhasin, 2016). These numbers should increase over a number of years but is a good goal to work towards. The numbers can also be adjusted if the results do not match the goals. These objectives should make it easier to assess the quality of the strategy.

Number of outlets – Even though, the Honest Company is successful on its online platform, it should also try to get the products out into physical stores so customers are faced with them. Therefore, one objective should be for the products to make their ways out into Matas's outlets and also Magasin. See the goals in the figure above.

11. Strategic recommendations

Based on the previous chapters, this chapter will identify the strategic recommendations that should be implemented in order to help the Honest Company grow on the Danish market. It will include classic marketing and strategic models to define the specific recommendations for the company's future growth.

The ability to survive is highly important for any business and this depends on the business's ability to sustain an advantage – not only on its many competitors but also the environment that the company operates in because this is constantly changing. Making better decisions than your competitors can be the factor that ensures that your business survives, grows and maintain a healthy status. It takes knowledge,

insights, skills, leadership and experience to maintain such a status. It cannot be built in a day, and it takes hard work to get there.

The following recommendations are based on the empirical analysis from previous chapters. The recommendations will be a result of including the following marketing and strategic models/theories: Porter's generic strategies, Kotler's market strategy, Ansoff's growth matrix, the AIDA model and Push-Pull strategies.

11.1 Porter's Generics strategies

In order to make the identification of the ideal competitive strategy easier, Michael Porter made his model of the generic strategies. By choosing the appropriate competitive strategy, the company will be able to position the offerings of the company in the best possible way compared to its competitors. It will also give the strongest competitive advantage within its industry (West et.al, 2015).

Figure 10: Porter's generic strategies

		Advantage	
		Low cost	Differentiation strategy
Targeting	Broad	Cost leadership strategy	Differentiation strategy
	Narrow	Focus strategy: cost	Focus strategy: differentiation

Source: Own creation based on West et.al (2015).

The model consists of four different strategies for the company to choose from based on the situation of the company. The company can choose to focus on targeting a broad segment of the market or a narrow segment on the market. The company also needs to choose the competitive advantage they want to focus on; either a cost minimizations strategy or a differentiation strategy focusing on the company's USP.

11.1.1 Cost leadership

Cost leadership aims at the broad mass market by offering products at cheap prices but also lowering production costs. It requires overhead control focus on cost reduction and cost minimization in areas such as R&D, salesforce, advertising and service. A low-cost position works as a defense against rivals because lowered costs allow the company to continue earning profits during times influenced by heavy competition. The low costs also serve as an entry barrier for new entrants to the market (West et.al, 2015).

11.1.2 Differentiation

The generic differentiation strategy involves the creation of an offering with significantly differentiated features. These features allow the company to charge premium prices for its product. The differentiating feature can be anything from brand image or technology, to design or customer service. By using a differentiation strategy, the company has a viable strategy for earning returns that will be above average because of brand loyalty that will lower the price sensitivity of the customers. This loyalty will also serve as a barrier of entry for new firms, which are forced to develop their own differentiated products in order to compete (West et.al, 2015).

11.1.3 Cost focus

Cost focus is defined as a low-cost strategy where the company has chosen a specific buyer group or geographic market to focus on, and thereby serve this niche and more or less ignore others. By focusing on one segment only, the company gains a cost advantage with the chosen target market. By focusing its services on serving one narrow market, the company can do it more efficiently than competitors (West et. al, 2015).

11.1.4 Differentiation focus

The differentiation focus strategy concentrates on a specific customer groups, geographic market or product line segment. The needs of this segment must have unusual needs or the services of the company must serve the target segment better and differ from others within the same industry. The focus differentiation strategy is believed to serve the niche segment more effectively than its competitors (West et. al, 2015).

11.1.5 Discussion

Targeting: Broad and narrow

The Honest Company should choose to serve both the broad market as well as a more narrow market consisting of people who live in larger cities and who have an annual income around 400.000 DKK and above. As seen in the empirical data section, a mixed generic strategy would be a good choice for the company.

According to Porter, a company that fails to pursue only one generic strategy may end up ‘stuck in the middle’ leading to no competitive advantage (West et. al, 2015). On the other side, it is argued that choosing both a broad and a narrow targeting can be seen as using a Blue Ocean Strategy. By doing this, Chan Kim states that a Blue Ocean strategy will unlock new demand as well as make the competition irrelevant (Chan Kim et. al, 2005).

Advantage: Differentiation

Based on the results of the questionnaire, the Honest Company can use mixed generic strategies because they should focus on differentiation but also have a narrow targeting when it comes to differentiation. In the generic strategy model, they are placed between differentiation and focus strategy differentiation.

The reason why the Honest Company should focus on differentiation is that Honest wants to accentuate its USP. Its USP is its product quality with the special product properties of being fragrance-free, non-toxic and environmentally friendly, and some of them organic. The overall differentiation strategy focuses on widely valued attributes while the niche differentiation strategy focuses on segments with special needs or wishes and then meet these better (West et. al, 2015).

Recommendation: The Honest Company should choose a combination of the differentiation strategy and the differentiation focus strategy in order to pursue a blue ocean strategy.

11.2 Market strategy

Not many companies have the budgets or the desire to operate on a worldwide scale. Companies like Coca-Cola and McDonald’s serve close to all countries in the world but they are a minority compared to other international companies that are more likely to focus on smaller regions. When a company has to navigate different countries, it is very likely that they will be faced with challenges. Different countries might also have different cultural or social constructions even though some countries seem quite similar, e.g. the Scandinavian countries which can have great differences when it comes to culture, politics, and the like (Kotler et. al., 2012).

When a company is expanding to a new market, this must be achieved by attracting new consumers of the company’s product or service. If the new market is a mature market, the main way of gaining market shares is to win over the customers of the competitors (Hooley et. al., 2012).

Kotler et. al (2008) present a classic approach to segment and target a specific market. With their model, they propose that there are three broad market approaches to choose from, after having identified and evaluated the various segments that make up the total (from Hooley et. al., 2012). These include:

- **Undifferentiated marketing:** producing a single product or service that is designed to appeal to all segments.
- **Differentiated marketing:** offering different products to each of the different segments.
- **Concentrated marketing:** focusing on only one or a few segments.

Although the Honest Company is known for its mission to provide all consumers with clean quality products, it is argued that Honest should aim to apply an edited version of the concentrated marketing approach.

Though Honest would like to reach as broad as possible segment wise, like the undifferentiated marketing approach offers, it would not be coherent with its wishes to differentiate its products from others. Therefore, Honest can choose to focus on a smaller segment, 15 to 35-year-olds and not serve the whole market. This concentrated marketing strategy focuses on the needs of people within this age group and people who value clean products.

The model is, however, very limited in the sense that there is only three marketing options in the model to choose from. Since the Honest Company should follow a mix of Porter's generic strategies – the differentiation and the differentiation focus strategy – the best marketing approach would be a mix between the undifferentiated and the concentrated marketing approach. It is impossible to offer a product that will satisfy all customers but by offering quality products at reasonable prices, it would be possible to draw in a broader group of customers based on the price and quality strategy of the Honest Company. By using the intended marketing approach aiming at the chosen target group while also applying the same strategy to the undifferentiated market, Honest will reach a large group of customers which might help the company reach a large market share by having an offensive competitive strategy and also building relationships with customers across different segments.

Recommendation: Use the concentrated market strategy but also reach out to a larger segment and thereby focus on the chosen segment as well as paying attention to the broad public.

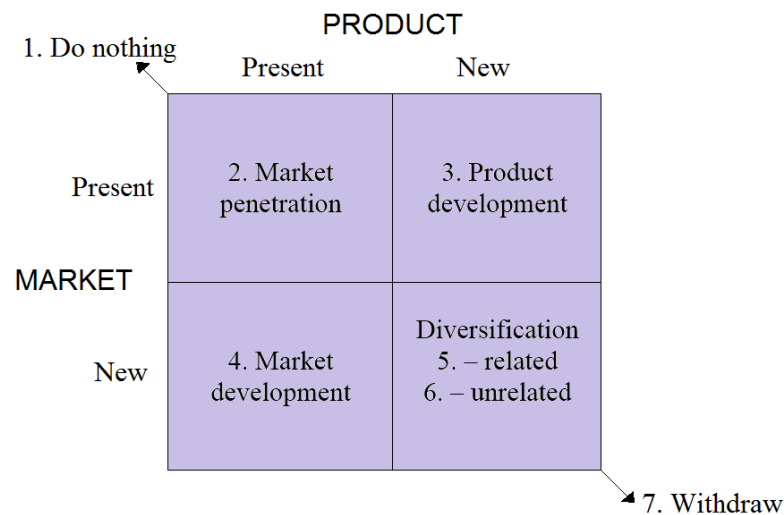
11.3 Growth strategy

When it comes to entering a new market and afterwards making sure that the company grows on the market, there are different ways of doing this. Some of these different growth options will be assessed in the following passages.

11.3.1 Ansoff's Growth Matrix

Ansoff identified that the basis for strategic advantage could be found in the different options that emerged when combining the marketing mix and the product (Sondhi, 2008). He made a model showing seven different outcomes as shown in Figure 11.

Figure 11: Ansoff's Growth Matrix



Source: Own creation based on Ansoff's model (Rondhi, 2008)

The model can be used to determine how a company should grow in the future. It offers possible strategies to help reduce gaps in the company's planned growth. By applying this matrix to the thesis, the model will serve as a guide for doing a business analysis that will identify the possible growth options that the Honest Company has on the Danish market. Future implications of choosing a certain growth strategy will be easier to identify by using the matrix and its seven options. The seven options shown in the matrix are:

1. **Do nothing** – This means carrying on as the company has been without changing its approach. A decision to do nothing is also a decision that needs to be taken.
2. **Market penetration** – Focus is on selling the existing products to an existing market in order to grow market shares. Activities such as improving quality, productivity or increasing marketing are carried out to be more aggressive on the market.
3. **Product development** – This strategy builds on the current knowledge and skills of the company and then use these to develop new products for the existing market. Changing customer needs is a driver for this strategy. High risks include pioneering costs as well as demand uncertainty.

4. **Market development** – This approach ventures into new markets with the existing product portfolio. This could include entering a new segment or expanding the geographic scope of the company.
5. **Related diversification** – This means moving into a new business area but staying within the existing industry that the company serves.
6. **Unrelated diversification** – Here, the company develops beyond the industry in which they are now present and moves towards new areas with no apparent relations to the current business.
7. **Withdraw** – The decision to pull out of business altogether.

This matrix is not an instant entryway to achieving market growth but it does provide a variety of methods to accomplish certain mission or growth target. One of the options above does not exclude the other but here it is used as a guideline for the future growth of the Honest Company on the Danish market. Because the Honest Company will enter a new market with the same products, the best approach will be the market development approach.

Recommendation: The Honest Company should focus on developing its approach to the Danish market. This means introducing current products on a new market.

11.3.2 Organic growth, merger & acquisition and strategic alliance strategies

It has been identified that the Honest Company should work toward market development from the Ansoff Growth Matrix. First, three growth strategies will be introduced and then the growth for the Honest Company will be presented. There are three main growth strategies for companies that are entering a new market. These include organic growth strategies, mergers and acquisition strategies and strategic alliances strategies. (Angwin, n.d.)

The organic growth strategy relies on a development from within the company focusing on the internal resources and capabilities. The advantages of the organic growth strategy include:

- Organic growth improves the knowledge of the company by being directly involved in the new market. This provides deeper first-hand knowledge which most likely will stay internally in the organization rather than working in a hands-off alliance through a partner.
- Costs and investments are spread over time, meaning that there will be a reduction of upfront commitment, which will make it easier to adjust or reverse a strategy if conditions change.
- The company is not depending on finding an available target for acquisition or potential alliance partners and they do not have to wait for a perfectly matched acquisition or merger partner to come on to the market.

- Another advantage is strategic independence, meaning that the company does not have to make compromises if they are not in an alliance with someone. An alliance is also likely to restrict some activities and it might limit future strategic strategies.
- Finally, cultural management can be managed by the company alone, avoiding clashes with other company cultures.

The drawbacks of this strategy are, however, the slow pace, high expenses and risks involved with developing internal capabilities. Using existing capabilities for major leaps in terms of internationalization and innovation is not easy (Angwin, n.d.).

The mergers and acquisition strategy has been used for centuries and remains an often used way for a company to expand. The advantages of the choosing the merger and acquisition strategy include:

- It is great way to extend the business either geographically, product wise or market wise.
- It can reduce competition by bringing together two competitors and thereby increase efficiency, reduce surplus capacity or they can share resources, e.g. head-quarters or distribution channels.
- Lastly, there are several financial advantages to mergers and acquisitions (Angwin, n.d.).

According to the Economist, more than half of all corporate mergers end up decreasing shareholder value and a further third of the companies experienced no difference whatsoever (The Economist, 2000).

The strategic alliances strategies are a way for companies to share resources and activities without sharing ownership over the companies. Strategic alliances are a very popular option for a company to grow and it is estimated that large corporations manage about 30 alliances at any one time (Angwin, n.d.). Strategic alliances challenge more traditional company-centered approaches in multiple ways:

- Strategy should be considered in terms of collective success for their networks but also the individual self-interests of the companies.
- The individualistic approach to strategy is also challenged by collective strategy in the sense that effective collaboration is very important to reach good results.

Strategic alliances may be entered into with mixed methods, meaning that corporation can bring many positive aspects to the table but companies must also be aware of ulterior motives that are likely to work against the interests of suppliers, competitors or customers (Angwin, n.d.)

Recommendations: The Honest Company should use two of the above growth strategic; organic growth as well as strategic alliances.

11.3.3 The Honest Company's growth strategy

Although it is suggested that a company can combine the different elements of Ansoff's matrix in order to achieve a certain outcome, only the **market development strategy** is advised for the Honest Company's expansion to the Danish market. As a consequence, the other strategies of the Ansoff matrix will not be mentioned further on in this thesis.

The market development strategy is chosen when the company is moving into a new market with its existing products. This means that the company has to adapt to and grow on the new market.

This does not seem like a good idea for the Honest Company, it is working on paving its own way on the market. When expanding to a new market, some risks are included in terms of the customers receiving their products in a positive way or their ways of distribution working out, etc.

The Honest Company is settling into its position as a leading organic and natural lifestyle brand (Gruber, 2016). Within a few years, the company has grown faster than first expected and is already shipping to Canada, planning to enter other markets in the nearby future. When the Honest Company has entered the Danish market with the market development strategy, the next step is to grow on the market in order to gain a larger market share. The following sections will focus on the introduction of the Honest Company on the Danish market.

According to the questionnaire, many respondents prefer to buy their personal care products in stores like Matas and Magasin, therefore the Honest Company should partner up with Matas and Magasin in order to meet the customers in the stores where they prefer to buy this product category. An access alliance is valuable because the customer trusts the alliance partner and will be exposed to the company's products at a well-known platform.

Today, the Danish market is on the verge of developing towards a more mature market for personal care products including a few players focusing on being either paraben- or fragrance-free, meaning that competitors are beginning to become more aware of their market-shares.

The conclusion of this passage is that, even though the Honest Company has no experience on the Danish market, not even the European market, it can still prove that it wants to be market leaders within clean personal care products by introducing the Danish consumers to products of high quality without the prices of premium quality products. Honest's products will also represent fragrance-free, paraben-free, non-toxic organic, natural products, something that is not offered by many competitors. Here, Honest needs to make its products know and available to people who care about the same issues as the Honest Company.

Recommendation: The Honest Company should use the market development strategy and combine it with the organic strategy and the strategic alliances strategy. This will offer the best growth opportunities for them.

11.4 Communication strategy

An important choice that should be made by the company is the choice of strategy when it comes to reaching the target consumer. Two options exist: a push strategy or a pull strategy.

11.4.1 The Push-Pull strategy

A push strategy consists on the product being pushed towards the customers from distribution and promotion channels. The manufacturer of the product will advertise it to the wholesaler, who will advertise it to the retailer. This will help distribute the product among channels. In order to create demand, the retailer will advertise the product to the customer using techniques like trade advertising and personal selling in the stores. (West et.al, 2015). In this way, it is hard for the customer to avoid contact with the product being pushed towards them.

A pull strategy depends on the customers to pull the product through the distribution channel, meaning that they need to ask distributors to carry the product. The role of the manufacturer is to advertise the products in order to create awareness and demand for the chosen product. This awareness and demand can be created in many different ways, e.g. discounts, handing out samples or introductory advertising on media seen by the target group. If the needed demand is created, customers will pressure retailers to carry the advertised product. (West et.al., 2015). This way, the customer is the one pulling the product from the manufacturer out into the stores.

11.4.2 The AIDA Model

The AIDA model is an effective tool for identifying the different stages that the customer must go through in the buying-process. The AIDA model consists of four stages: Attention, Interest, Desire, Action (Belch, 2003). The company has to decide what purpose their promotional effort should have, especially when deciding if they want to use a push or a pull strategy.

First, the attention of the customer must be gained in order to proceed in the process. At this stage, it is of utter most importance to make the customer aware of the existence of the product. Attention can be achieved through – advertising that stands out in the customer's mind.

After the attention of the customer has been caught, an interest for the product must be aroused. Advertisement alone is not always enough to arouse the customer's interest, therefore initiatives like product demonstration and a more thorough introduction of the product and its qualities.

If strong levels of interest are created, it should create a desire to own the product or use it. When the interest for the product peaks, the specific needs which the product meets should be presented and emphasize why this product is better than the one of the competitors.

Lastly, comes the action phase. The action stage is truly carried out when the customer has made the purchase decision and the sale is closed. This is the most important stage because it is the result that marketers are working towards from the beginning (Belch, 2003). In this stage, it is important to have trained personnel that knows how to encourage a purchase in the final stages of the selling process. Special offers or price discounts can also encourage the customer to purchase the product.

11.4.3 Discussion

In order to achieve an effective communication strategy, the Honest Company has to set a push-pull ratio for the Danish market. Based on the fact that the company is entering the Danish market and its products are more or less unknown to people in Europe, they should focus on a 70-30 ratio of push and pull strategy respectively.

By setting the push-pull ratio, the promotion P will be affected. More about this in chapter 12. When it comes to the push strategy, it should be carried out in the stores, e.g. through product introductions by the store employees or people demonstrating their products and handing out samples. They are able to more or less force the product onto the customer.

The pull strategy should include online advertising like banners and sponsored Facebook posts to catch the consumer's attention in order to spark an interest in the products or the brand. In the Matas and Magasin stores, the sales displays should feature words like "new" or "introduction prices" in order to create a desire to purchase.

The push and pull ratio should be revised after some months in order to be sure that the ratio still fits the market development that they have experienced since the introduction of the products.

Recommendation: The Honest Company should implement a 70-30 ratio of push and pull strategy respectively. The AIDA model guides the different stages that customers go through.

12. Tactical recommendations

This chapter will introduce the tactical recommendations that should help the Honest Company succeed on the Danish market. It will also answer the sub-question 'How should the tactical approach be defined in order to succeed on the Danish market?'

While an effective marketing strategy will help the company define the overall goals and directions of its marketing, implementing tactics will help the company reach its goals. The tactical operations are determined based on the strategic choices in the previous chapter.

The classic marketing mix defined by Philip Kotler in 1997 consists only of Product, Pricing, Place and Promotion (Vectis, 2014) (Hooley et.al, 2012). People, Process and Physical evidence were added later on by Boom and Bitner, and Weingand added Prelude and Postlude to Kotler's original marketing mix (Vectis, 2014). Other Ps have been suggested but in this chapter, the previously mentioned nine Ps will be used.

12.1 Product

Product is the first point that needs to be discussed when the Honest Company is going to enter the Danish market. Firstly, the Honest Company offers a large variety of products on the American market but that does not mean that they should introduce their whole more-than-120-items assortment at once.

Product introduction

In the US, they started by introducing 17 products at first and the approach to the Danish market should be similar so that consumers are not overwhelmed by the large number of newly introduced products. In order to make the customers used to the brand, the different categories should be introduced at different times. The first products to be introduced should be:

- Their selection of diapers and baby wipes – targeting consumers with children and it is a best-seller on the American market. Baby products should be sold with bundle options.
- Their personal care products like Honest bath and body care, hand soaps and Honest Beauty skin care products.
- Their household products – including cleaners and laundry products.

These products should be sold in different ways and locations and there will be a further elaboration on this in 12.3 about place. Further on in the process, they should introduce:

- Their sunscreen in the spring time so that consumers will be ready for summer.
- Their makeup line in the fall just before Christmas shopping begins – also in bundles which will introduce the consumer to a broad range of products.
- Their vitamins.
- Their other baby products – gear and feeding products.

By introducing their products in smaller groups, they will be able to introduce the customers to their products category by category and offer an induction price on new products to boost sales.

Design

The Honest Company should keep the same design of their products since the Honest Company has been very successful when it comes to the appearance of their products and webpage. They have been able to carry out an integrated marketing plan so far, meaning that there have been a clear strategy of how the brand should be portrayed. From the product design to the webpage and online advertising, the same visual concept has been used to increase recognition of the brand 'layout'. This way of using the same design in order to create coherence between their different initiatives is an approach that the Honest Company should also practice on the Danish market.

At the same time, the current design of the products look more luxurious and others more vibrant and personal than products with similar properties at the Danish market.

Branding

Their products should be branded mainly for their fragrance-free and non-toxic organic ingredients with the environmental aspect as a second bonus feature. As seen in the questionnaire (questions 9 and 10), Danish consumers tend to value fragrance-free, nontoxic products above environmentally friendly products. Their USP is that they can offer a large series of products that all live up to the standards of being 'clean products' – fragrance- and paraben-free, non-toxic, environmentally friendly, organic products.

On the other hand, the Honest Company must be very aware not to brand their products as 'American quality' in that both the questionnaire and the two focus groups uncovered that Danish consumers have little trust in American-produced products.

Before entering the Danish market, the Honest Company should be sure to apply for a number of ecolabels, like the Nordic Swan or non-allergy labels like "the Blue Wreath" (Danish: den blå krans). Similar to the origin of the products, both the respondents from the questionnaire and the focus group participants pointed out that these kinds of labels were important to them to ensure a certain kind of product quality.

12.2 Pricing

Pricing is a crucial factor because choosing the right prices will help maximize profits and build strong relationships with customers if choosing the right pricing.

When introducing a new product to the Danish market, they should offer an introduction discount on the product for the first couple of weeks so that consumers are more inclined to try the product. Another situation, where a special discount should be offered, is online when the customer buys a baby bundle.

Firstly, it would offer the customers an incentive to buy their products online and not in stores where they can be tempted by other brands. Secondly, it is important to reward customers who subscribe to their products on a monthly basis.

The actual prices should be close to the one that can be calculated from the American prices to Danish prices using the current rate of exchange. Meaning that products would have a price between 32 DKK and 85 DKK when buying products like hand soap or laundry detergent respectively. Prices are higher when it comes to face products, e.g. a moisturizer would cost more than 225 DKK. Some taxes will be added to the above mentioned prices when the products are exported to Denmark. At least 25% of value added taxes will be added to the price. However, it is important to remember that the Honest Company is differentiating themselves from others by offering products of good quality. Higher prices are often associated with higher quality.

In the questionnaires as well as the focus groups, respondents claimed that price was important – depending on the product. Therefore, it is okay that some personal care products, like face products, are more expensive than household products and more basic body care products.

12.3 Place

When it comes to distribution of their products, the Honest Company should sell their products using two different approaches: in physical stores as well as online.

In order to sell their products in a physical store, the Honest Company has to enter a strategic alliance with Matas and Magasin so they can enter and grow on the Danish market. According to the answers from the questionnaire, Matas is a clear favorite when it comes to buying personal care products. Magasin is a Danish chain of department stores which sells quality products, including beauty and personal care, interior design and fashion for men, women and children. The reason why Matas is a good fit, is because of the large quantity of people who buy their personal care products in their stores. On the other hand, Magasin is just as good a fit because of their high quality assortment and regular customers.

The Honest Company should also try to push their household products out into different supermarkets because that is the main location where consumers buy their household products. Based on the target customers, the Honest Company should first introduce their household products in stores like Irma – which focus on organic, sustainable products – or hypermarkets like Bilka and Føtex – which carry large assortments of many different kinds of products.

The online approach should be carried out in two ways: by introducing their own webpage on the Danish market and also selling their products through the websites of stores, they have a strategic alliance with.

The webpage should be more or less identical to the American webpage, just translated to Danish. When entering the Danish market, they could also make use of the online stores provided by both Matas and Magasin, which sell their products online. They will not need to have their own storage or shipping of their products in the beginning if using this option.

Place can also be defined as the company's position in the marketplace. Their place in the market will be between discount and relatively cheap products and luxury products, ending up as a quality product.

12.4 Promotion

Many aspects should be kept in mind when planning the promotion activities of the Honest Company and its market entry. PR exposure is important since the company has a good cause that comply with the line of European perceptions and opinions about personal care products and household products.

Product demonstrations are a must for a new brand that wants to convince the consumers of the quality of the company's products. It is a good way to let consumers know about the website and encourage them to visit the site. At the same time, they should hand out samples to people and invite them to sign up for their newsletter and combine this with a competition where they can win their products.

The bundle concept should be introduced to new mothers or people expecting a baby and they should be able to sign up for the subscription at the stand. This should take place in selected Matas stores and in all Magasin stores for a week's time.

When entering into a strategic alliance with Matas, the Honest Company should take advantage of the monthly magazine they have in their stores, SKØN. Usually when they start carrying a new brand or new products, they will write a feature about the product and brand in their magazine. Sometimes samples of new products are included in the magazine – it can be anything from sanitary towels or perfume samples to face cream testers or foundation samples – and the Honest Company could include samples of their face cream or shampoo. In this way, their products would reach a large audience that shop in Matas and people would be made aware of their products.

Matas also sends out a catalogue every 3 weeks with offers and features other products, especially if new products are arriving in their stores. This would also be an efficient way of making customers aware of their products.

When products are being marketed through magazines, catalogues and webpages, the focus of the marketing should be on the fact that their products are fragrance-free, non-toxic, environmentally friendly and organic.

Before starting their 'physical' part of the promotion activities, the webpage should be up and running smoothly, and online advertising should be ready for different purposes. One initiative should be banner ads on webpages so that people consciously or unconsciously have been exposed to their design and products before actually searching for the products. The advantages of this type of advertising is that it is easy to measure the effect of their activities. When introducing their makeup line, they should rely on YouTube video ads as a way of showing off their products and introduce the products. The Honest Company has already several makeup tutorials uploaded via YouTube and these should be used for online advertisements.

Like mentioned in section 11.4.1, the Honest Company's approach to promotion should be 70% push and 30% pull. Another goal set in the objectives in section 10.3 was that customers within the target group should reach a certain level of attention, interest, desire and action within the first two years. With the above promotion activities, the levels of the AIDA model should be 80% attention, 60% interest, 40% desire and 20% action for people that fit the target group description.

12.5 People

In the introduction phase, a lot of the work will be done by American employees who will edit any changes to the website, which will then be sent to translation.

The Honest Company will not have their own employees in Denmark. They will use the sales people from Matas and Magasin as the sales people for their products. This will save the Honest Company many expenses but it is also a risk in the way that the sales people in these kind of stores are not there only to sell those products. It is more difficult to control the service that customers receive. However, the staff in both stores are trained to help customers and advise them when they are considering to purchase.

When it comes to the people who should be responsible for the product demonstrations, the Honest Company should work together with a professional team of demonstrators and train them to know the products by heart. It is of great importance that the demonstrators know what to say, how to say it, and how to reflect the brand's image in the desired way.

In the long run, they could look into setting up an European office to manage further expansions to the UK or other European countries. This is, however, a decision that should be made after that they have settled in on the Danish market and learned from their market entry.

12.6 Process

Process is mostly relevant for services because the level of service received is in focus. It works with the buying experience that the customer has when purchasing a product but also the reaction time from complaint to receiving an answer as well as the speed of delivery.

Most of the Honest Company's processes are going to be managed by Matas and Magasin who will be responsible for the physical sales process in the stores, which makes it difficult for the Honest Company to quality control the sales process. When it comes to their own website, possibilities are various.

The Honest Company should engage in the use of CRM (customer relationship management), meaning that they should keep a record of customers, who buy online from their own website. Bundles are bought on a subscription basis, meaning that the company can track the different stages the baby goes through, e.g. when there is a need to change from one type of diaper to another, or from baby food to toddler food (Hooley et. al, 2012). This makes it easier for them to target the content of newsletters and special orders.

12.7 Physical environment

The physical environment is also mostly relevant for services but some aspects are also important to the Honest Company. This refers to physical evidence or something tangible that accompanies the offer.

The Honest Company's goods will mainly be seen online or in Matas and Magasin stores. Online they can control how they want to exhibit their products but there are limits in Matas and Magasin.

Where they are represented with their physical products, the Honest Company should request that the look of the shelves should be simple and kept in colors which match the products, website and ads of the Honest Company. The physical look of the products and the presentation must be similar looking. This should be done in order to create a coherent look that customers can recognize in the short and long term.

Online, the design of the website has already been decided on, again to secure a coherent look. Delivering the products are also a part of the physical environment – the products should be delivered in boxes that are creatively decorated within the same theme as the rest of the company's visual design. Boxes should be made using recycle paper and cardboard in order to emphasize the environmental focus. If it is the first time the consumer shops online, the Honest Company should include a sample of a different product. By using the previously mentioned CRM system, it would be easy to track the previous orders and see if the customer should receive a sample of a new product. People who are loyal customers should always receive samples of new products if they place an order.

12.8 Prelude

The prelude is closely related to the planning and analysis phase, which takes place before the company enters the new market and introduces its products. It was introduced by Weingand in 1986 (Gupta et. al, 2006).

The Honest Company must follow a plan for entering the Danish market. Their entry should be based on market research alongside different analyses on pricing, due to taxation, and set up the alliances with Matas and Magasin.

When all their analyses have been made, they should plan their entry, looking at the previously mentioned strategic and tactical recommendations and analyze the different scenarios. This plan should be made very flexible since the market place can change in very short periods of time. The plan should also include some goals for the company to achieve so that they have some points that can measure their performance.

12.9 Postlude

The postlude was also introduced by Weingand in 1986. The postlude focuses on following up on the initiatives that have been used for the introduction of the brand on the Danish market (Gupta et. al, 2006). Here, the Honest Company has to check that their initiatives worked the way they were intended and if they had the desired effect. For example, they have to see if the advertising has been successful, if people signed up for their newsletter, and if people have subscribed to the baby bundles, etc. This also includes the media coverage they received and many other initiatives that need to be evaluated.

They should keep up this procedure every three months to see if there is any development on the market. Everything that they have learned in the process should be used to minimize future mistakes and recognize where things are actually working well. These experiences must be added to their tool kit so they can use this new knowledge to successfully navigate the Danish market. In the long term, this date can be used if the Honest Company wants to expand to other European countries.

13. Plan or process

This chapter will discuss the use of either a plan or a process when applying the strategic and tactical choices that an organization wants to make.

In order to ensure a successful entry of the Danish market, a selection of strategic as well as tactical recommendations for doing so has been put forward in the previous chapters. These recommendations must be implemented in the future in order to make a difference for the Honest Company but when it comes to implementing strategic measurements there are two dominant views that must be considered.

Michael Porter's strategic planning and Henry Mintzberg's emergent processes. The discussion, whether a company should choose a plan approach or a process approach for executing a chosen strategy, is really a discussion of Porter or Mintzberg.

Porter's approach to strategy implementation builds on looking at the current market place and plan according to the existing conditions. Deliberate strategy requires hours of discussing and planning until the wanted results are reached. Usually the past is used to predict the future (Moore, 2011).

Today, however, the world is moving faster and changes more rapidly than ever. Mintzberg argues that an emergent strategy that emerges over time is more capable of adapting to changing realities. It is described as a set of actions that must be carried out over time because planning cannot be done based on predicted patterns. (Moore, 2011)

These different views on strategy implementation should be seen in connection with the ever-changing market place that companies have to navigate within. Therefore, an upswing is happening for the emergent strategy. Over the last decade, the planning approach to strategy has been on its way down, mainly because the variables that affect business decisions cannot be controlled (Moore, 2011).

Porter's ideas are still widely used by companies as part of their strategy planning thinking but it is outdated. Mintzberg's ideas are more relevant in the sense that they take into consideration that our plans might fail. This is not entirely a bad thing but it opens up for further planning along the way, emergent strategy offering strategic flexibility. It has become more difficult to know which industry, one is working in, making industry analyses harder. But the two ways of thinking are not as dissimilar as one should think.

By working between the prelude and the postlude of strategic implementation, a company will be prepared to face sudden changes or unsuspected areas of business.

In this case, the Honest Company should combine the two approaches so that they have a good strategy as a starting point but one that opens up for adjustments en route if unforeseen changes emerge on the market. This implementation choice would benefit the Honest Company and fit the current market since it has no current knowledge of the Danish or the European market so it will most definitely meet challenges. Therefore, the implementation of the Honest Company's strategic and tactical initiatives for entering the Danish market should be a mix of both strategy approaches but heavily dominated by Mintzberg's approach to strategic implementations and process adjustments. This combination – first creating a plan followed by continuously making adjustments when needed – will make the Honest Company able to steer around a new, dynamic market.

14. Conclusion

Based on the results and knowledge collected and created in the empirical data section and throughout this thesis, the problem formulation and the additional sub-questions will be answered in this chapter.

The main purpose of this thesis was to figure out the strategic and tactical implementations which the Honest Company needs to take into consideration when preferring for entering the Danish market.

Through in-depth analysis of primary as well as secondary data, four strategic recommendations and nine tactical recommendations were found and these serve as answers to the problem formulation. These recommendations were based on different types of data and suggested the best way to carry out strategy and tactic in different stages of market entry.

In chapter seven, external factors were detected in order to map out the challenges that could turn up or which already existed on the market. In order for, the Honest Company to be successful on the Danish market, it is crucial for the company to inform the customers about its values and what it believes in. The analysis showed that Honest should differentiate itself from other brands by promoting the Honest Company as a lifestyle brand since its competitors are unable to do the same.

The primary data uncovered several important qualities that Danish consumers value highly in products similar to the ones sold by the Honest Company. One quality was the physical meeting with the products; even though the number of Danes shopping online is increasing, the respondents from both focus groups and the online questionnaire answered that they preferred having seen or even experienced the products in real life before they would even consider purchasing them online. The analysis of the primary data showed that people, who live in regions with larger cities, were more prone to buy products like the ones offered by the Honest Company. The product properties that scored the highest among respondents were high quality and products being non-toxic and fragrance-free.

Although the Honest Company offers quality products, a great threat to its success is that Danes do not think highly of products produced in the US. This was expressed in both focus groups. This valid problem makes the addition of eco labels and meeting the Danish standards very important for the Honest Company so they can make customers less suspicious about their products. This observation stands as a contrast to the image that the Honest Company is trying to build and maintain.

The TOWS analysis suggested a couple of solutions to the threats and weaknesses of the company.

Among other things, it was discovered that the mission of the company fits the paradigm shift in consumer behavior, giving the Honest Company the opportunity for a strong start on the Danish market. This can also be held together with the fact that the company is more or less unknown in Denmark, giving

Honest the chance to brand itself as it wishes. Lastly, more consumers are purchasing personal care items online and the Honest Company has online sales as one of its core capabilities. The strengths and opportunities can cancel out many of the threats and weaknesses.

The thesis found that in order to determine its strategy and tactic, some recommendations had to be employed. The first strategic recommendation advises Honest to serve both the broad and a narrow market and still focus on differentiation. This will create a Blue Ocean strategy, by placing the company between the traditional distinctions. The second recommendation is to choose a market strategy that focuses on concentrated marketing, meaning that the marketing effort of the company should only focus on a few segments, not all segments. The third recommendation proposes a market development growth strategy that should be carried out as an organic strategy with the use of strategic alliances. The fourth and last recommendation suggests that the communication strategy of the Honest Company should be 70% push and 30% pull while carefully monitoring the customers' position in the AIDA model.

Lastly, nine tactical recommendations based on Porter's extended nine P's have been made to ensure that the marketing mix conform to the strategic recommendations and the previous analysis.

The conclusion of the thesis reveals that the biggest challenges for the Honest Company are that the Company has no experience on the European market, that its prices might be affected by taxes which might pose a challenge especially when it comes to household products but also personal care products. Moreover, Danish customers do not trust American products that have to be in contact with their skin or their families. Due to the comprehensive problem formulation and theoretical setting, it was not possible to go into greater depth with these challenges but they are open for further research which can strengthen the Hones Company's chance for success.

In conclusion, the strategic and tactical recommendations should be carried out based on a mix of a plan and a process approach, with focus on the process. Firstly, a plan should be created and this should then be adjusted along the way because the market is a changing organism that cannot be structured in a plan. Therefor, there is a need for a process-focus.

Altogether, the strategic and tactic recommendations implemented with a process-focus should ensure that the Honest Company successfully could penetrate the Danish market.

15. Perspective

The perspective chapter will suggest where further research can be carried out within this topic.

Because this thesis has a limited number of pages to analyze, discuss and conclude, many other problems and discussions could have been presented and analyzed. These will be mentioned below in order to show other perspectives that could have been discussed in the thesis and which are open for further research.

One aspect, which has been left rather unexplored, is the use of social media platforms when entering a new market. Due to the limited number of pages and the fact that the author was unable to establish any contact with the Honest Company, this aspect is not included in the thesis, even though the topic is highly interesting since the Honest Company is relying so heavily on selling its products online.

Another issue related to online purchasing, is the unwillingness of the Danish people to purchase anything online that they have not seen in stores. From a consumer behavior point of view, this could be interesting to examine further in order to find out how to break the online barrier and make customers willing to buy online first instead of going to physical stores.

The financial aspect is not included in this thesis and if the Honest Company would have been able to provide the author with numbers in terms of pricing, marketing budgets, etc., it would have been interesting to see if pricing could have been done differently or how much room there are for changes in their prices seen in connection to their profit margin. The actual pricing process could also have been included, looking at product value, service-value, image value and how these could have been changed in order to change profit margins.

A thought for further research could be the use of co-founder, Jessica Alba, in the company's advertising. This approach might work in the US but how would it work on the Danish market? Using the founder as a brand endorse might send mixed signals to the consumers because she is endorsing a product line which she is responsible for herself.

The last interesting topic would be to look into the concept of one brand offering products from different product categories but under one name. The Honest Company calls itself a lifestyle brand and this concept would be interesting to look further into and how customers perceive lifestyle brands and if these are preferred to buying products from multiple brands.

In conclusion, a few themes would have been interesting to include in order to paint a fuller, more detailed picture of the Honest Company and how it should go about entering the Danish market in the terms of price, planning, social media use and online purchasing habits.

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Appendix 1: Answer from the Honest Company


Bilag – answer from The Honest Company to prove tried contact.

No answer to my two emails. Only answered a short FB message.

The Honest Company

+ New Message

Conversation started 15 January




Pernille B. Meyer

15/01/2016 17:06

Hi The Honest Company! I was wondering if you ship to Europe?
I am writing my Master's thesis about the Honest Company and
would love to show some of your products to my focus group 😊
Best, Pernille, Denmark

15 January



The Honest Company

15/01/2016 21:00

Hi Pernille, thanks for showing interest in The Honest Company!
While we do not have a date set for when we will be able to ship
to Europe, we are certainly working on it. We expanded our
options to begin shipping to Canada so we hope you will stay
tuned for updates as we continue to grow.

In the meantime, you can follow our blog (blog.honest.com) for
helpful tips and tricks. Two of our founders also each have a
book that is great for parents and can be shipped internationally
through sites like Amazon.com. Check out "Healthy Child,
Healthy World" by Christopher Gavigan and "The Honest Life"
by Jessica Alba. Stay tuned for updates, and thanks again!

Appendix 2: Focus group questions (Danish)

Introduktion til fokusgruppen

- Hvad er en fokusgruppe?
- Temaet for fokusgruppen er købsvaner, når der kommer til personlig pleje og husholdningsprodukter.
- Hvilke ”regler” er der; der er intet rigtig eller forkert svar, tal ikke i munden på hinanden, giv hinanden plads.

Personlig pleje

1. Hvor køber I gerne jeres personlig pleje produkter og hvorfor?
 - a. Ansigt
 - b. Body
 - c. Shampoo
 - d. Solcreme
2. Hvad er afgørende, når du køber personlig pleje produkter?
3. I hvilket omfang køber du personlig pleje til dig selv, evt. partner, familie, børn?

Husholdningsprodukter

4. Hvor køber I gerne husholdningsprodukter og hvorfor?
 - a. (Op)vaskemiddel, håndsæbe, vinduesrens, rengøringsmidler
5. Hvad er afgørende, når du køber husholdningsprodukter?

Tanker bag købsadfærd

6. Tænker du på miljøvenlighed, om produkterne er parfume- og kemikaliefri, når du køber husholdningsprodukter eller personlig pleje produkter?
7. Hvad er de største udfordringer for virksomheder, der tilbyder produkter, der har fokus på miljøvenlighed, at være parfume- og kemikaliefri?
8. I hvor høj grad køber I i dag og hvad kunne få dig til at gøre det i fremtiden?
 - a. Rabatter, fordele, mv.

The Honest Company

Kort beskrivelse af the Honest Company.

1. Hvad kunne få jer til at købe deres produkter?
2. The Honest Company tilbyder to typer ”bundles” (samlede pakker af produkter, som forbrugeren selv har sammensat):
 - a. Babyprodukter – bleer & renseservietter,
 - b. Essentials - Vitaminer, body lotions, shampoo, balsam, vaskepulver, vinduesrens og sæbe.
 - c. Makeup/personlig pleje – foundation, concealer, blush, mascara, øjnecremer, ansigtscremer, læbeprodukter.
 - d. Ved at købe denne løsning, får man produkterne leveret lige til døren og man sparer op til 35%.

- e. Hvad tænker i om abonnement-løsningen til at bestille baby-produkter eller personlig pleje?
- ~~3. Hvorfor passer eller hvorfor passer the Honest Company på det danske marked?~~
- 4. Hvor ville i forvente at få informationer om dem? Artikler, tv, posters, online?
- 5. Hvad skal der til for at give jer et troværdigt billede af The Honest Company? Troværdighed

Hvad er vigtigt?

- 6. I hvor høj grad er personlig vejledning vigtig, når du køber personlig pleje? 1-5
- 7. Hvad er jeres erfaringer med køb af personlig pleje online?
- 8. Hvilke særlige kriterier lægger i vægt på? → Hvor vigtig er prisen, miljøvenlige, testet på dyr? 1-5
- ~~9. Er du normalt den der køber noget først eller sidst?~~
- 10. Endelige råd og tanker omkring the Honest Company?

Appendix 3: Questionnaire (Danish)

Købsvaner ift. Personlig pleje og husholdningsprodukter

Dette spørgeskema vil komme ind på dine købsvaner, når det kommer til personlig pleje og husholdningsprodukter

1. Køn:
 - ☐ Mand
 - ☐ Kvinde
2. Alder:
 - ☐ 15-24
 - ☐ 25-34
 - ☐ 35-44
 - ☐ 45+
3. Bor i:
 - ☐ Region Hovedstaden
 - ☐ Region Syddanmark
 - ☐ Region Nordjylland
 - ☐ Region Midtjylland
 - ☐ Region Sjælland
4. Civilstand:
 - ☐ Single
 - ☐ Samboende
 - ☐ Gift
5. Har du hjemmeboende børn?
 - ☐ Ja
 - ☐ Nej
6. Hvad udgør husstandsindkomst bruttoindkomst pr. år?
 - ☐ Under 150.000
 - ☐ 150.000 – 300.000
 - ☐ 300.001 – 500.000
 - ☐ + 500.000
 - ☐ Ved ikke/Vil ikke oplyse

Personlig pleje produkter

Personlig pleje produkter omfatter produkter som:

- Ansigtscremer, -rens og -masker
- Bodylotions og -olier
- Shampoo, balsam og andre badeartikler
- Solcreme
- og lignende produkter

7. Hvor køber du typisk personlig pleje produkter? (Multiple svarmuligheder)
 - ☐ Matas

- Apoteket
 - Normal
 - Butikker med et mærke, fx the Body Shop
 - Stormagasinet, fx Magasin, Salling
 - Varehus, fx Bilka, Føtex
 - Discountbutikker, fx Netto, Fakta, Rema 1000
 - Online
 - Ved ikke
 - Andet
8. Hvad er vigtigst, når du køber personlig pleje produkter? (Multiple svarmuligheder)
- Pris
 - Mærket
 - De følger de nyeste trends
 - Uden parfume
 - Let tilgængelige
 - Miljøvenlighed
 - Specielle produkttegenskaber
 - Flot emballage
 - Ikke testet på dyr
 - Høj kvalitet
 - Markant reklameeksponering
 - Ved ikke
 - Andet
9. Hvor vigtig er miljøvenlighed, når du køber personlig pleje produkter?
- Ingen betydning
 - Beskeden betydning
 - Moderat betydning
 - Betydning
 - Særdeles betydning
 - Ved ikke
10. Hvor vigtig er det, at dine produkter er parfume- og kemikaliefri?
- Ingen betydning
 - Beskeden betydning
 - Moderat betydning
 - Betydning
 - Særdeles betydning
 - Ved ikke
11. Vil du tænke mere på indholdet af parfume og kemikalier i dine produkter, når/hvis du får børn?
- Ja
 - Nej
 - Ved ikke

Husholdningsprodukter

Husholdningsprodukter omfatter produkter som:

- Vaskemiddel
- Opvaskemiddel
- Håndsæbe og desinficerende gel
- Vinduesrens og andre rengøringsprodukter
- og lignende produkter

12. Hvor køber du typisk husholdningsprodukter? (Multiple svarmuligheder)

- ☐ Matas
- ☐ Apoteket
- ☐ Normal
- ☐ Stormagasinet, fx Magasin, Salling
- ☐ Varehus, fx Bilka, Føtex
- ☐ Discountbutikker, fx Netto, Fakta, Rema 1000
- ☐ Online
- ☐ Ved ikke
- ☐ Andet

13. Hvad er vigtigst, når du køber husholdningsprodukter? (Multiple svarmuligheder)

- ☐ Pris
- ☐ Mærket
- ☐ Flot emballage
- ☐ Specielle produkttegenskaber
- ☐ Uden parfume
- ☐ Markant reklameeksponering
- ☐ Let tilgængelige
- ☐ Miljøvenlighed
- ☐ Ikke testet på dyr
- ☐ Ved ikke
- ☐ Andet

14. Hvor vigtig er miljøvenlighed, når du køber husholdningsprodukter?

- ☐ Ingen betydning
- ☐ Betydning
- ☐ Moderat betydning
- ☐ Betydning
- ☐ Særlig betydning
- ☐ Ved ikke

15. Hvor vigtigt er det, at dine husholdningsprodukter er parfume- og kemikaliefri?

- ☐ Ingen betydning
- ☐ Betydning
- ☐ Moderat betydning
- ☐ Betydning
- ☐ Særlig betydning
- ☐ Ved ikke

Tanker bag indkøb

16. I hvor høj grad køber du i dag produkter, der er miljøvenlige og parfume- og kemikaliefri?
- ☐ Aldrig
 - ☐ Sjældent
 - ☐ Nogle gange
 - ☐ Ofte
 - ☐ Altid
 - ☐ Ved ikke
17. Hvad kunne få dig til at købe miljøvenlige produkter uden parfume og kemikalier i fremtiden? (Multiple svarmulighed)
- ☐ Rabatter, fx kuponer
 - ☐ Mere viden
 - ☐ Lave priser
 - ☐ Anbefaling fra venner og familie
 - ☐ Stort produktudvalg
 - ☐ Let tilgængelig
 - ☐ Anbefaling fra blogger
 - ☐ Såfremt at du udvikler en allergi
 - ☐ Undgå at udvikle en allergi
 - ☐ Grundig og informativ markedsføring
 - ☐ Ved ikke
 - ☐ Andet

Hvad er vigtigt?

18. I hvor høj grad er personlig vejledning vigtig, når du køber personlig pleje produkter?
- ☐ Ikke vigtigt
 - ☐ Sjældent vigtigt
 - ☐ Lidt vigtigt
 - ☐ Vigtigt
 - ☐ Særdeles vigtigt
 - ☐ Ved ikke
19. Har du erfaring med køb af personlig pleje produkter online?
- ☐ Ja
 - ☐ Nej
 - ☐ Ved ikke
20. Hvis ja, hvor gode er dine erfaringer på en skala fra 1-5?
- ☐ 1 – Rigtig dårlige erfaringer
 - ☐ 2
 - ☐ 3
 - ☐ 4
 - ☐ 5 – Rigtig gode erfaringer
 - ☐ Ved ikke
21. Hvad kunne få dig til at købe personlig pleje produkter online? (Multiple svarmuligheder)
- ☐ Gratis fragt
 - ☐ Lavere priser
 - ☐ Anbefalinger fra online-brugere

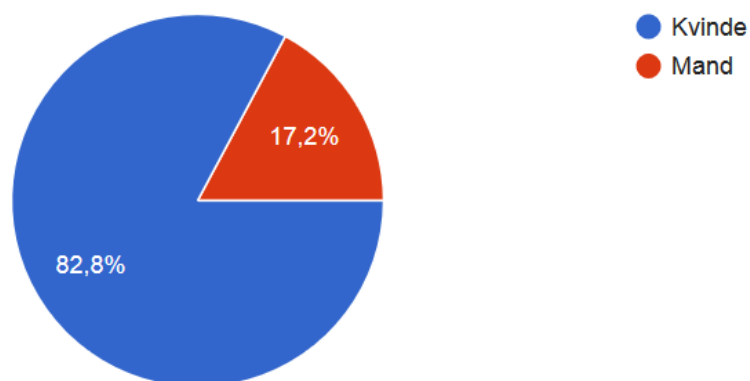
- Grundig produktoplysninger on- eller offline
- Levering lige til døren
- En god funktionel hjemmeside
- Velkendte produkter
- Ved ikke
- Andet

22. Hvis et amerikansk firma med fokus på miljøvenlige produkter uden parfume og kemikalier blev introduceret på det danske marked, hvordan kunne de bedst ramme dig med deres markedsføring og salgsbestræbelser?

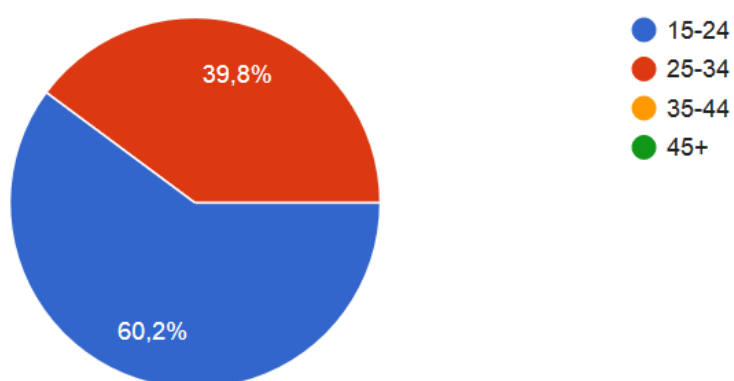
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Appendix 4: Results from the questionnaire (Danish)

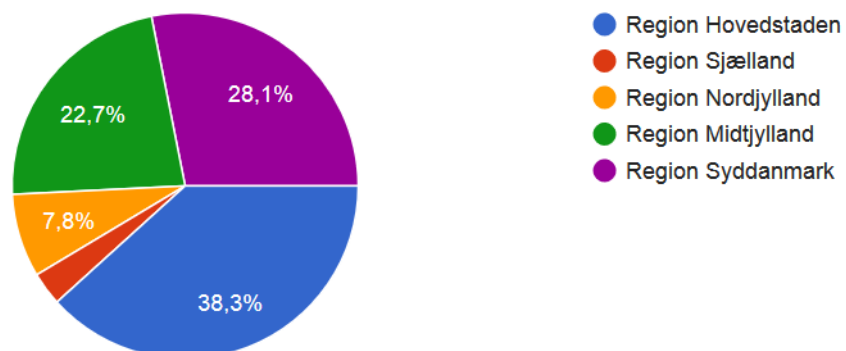
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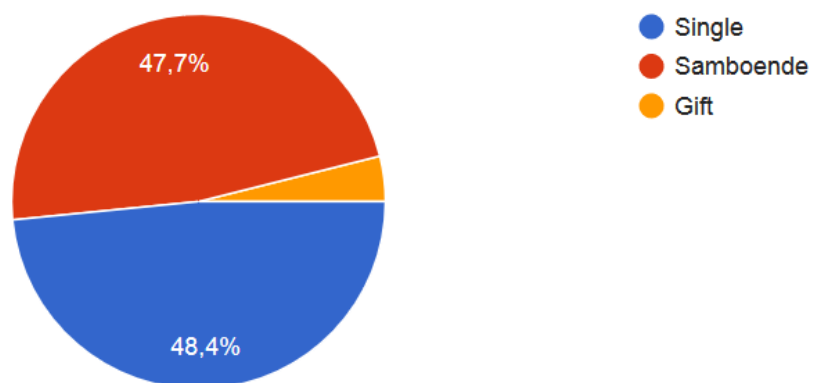
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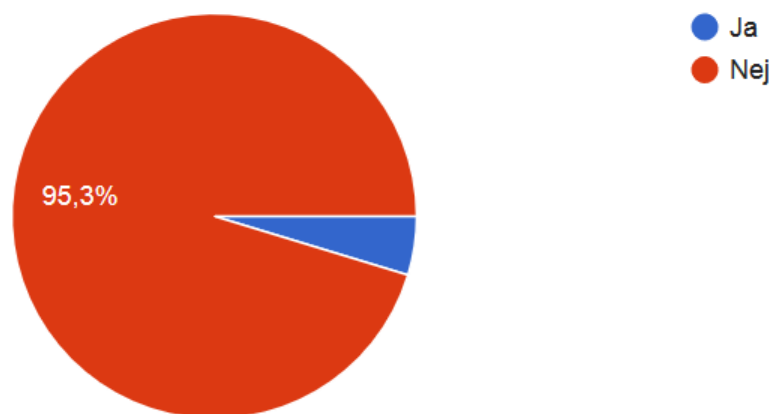
3. Bor i (128 svar)



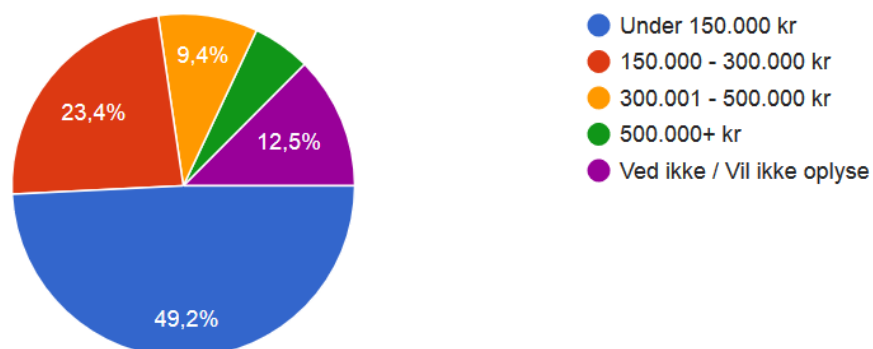
4. Civilstand (128 svar)



5. Har du hjemmeboende børn? (128 svar)

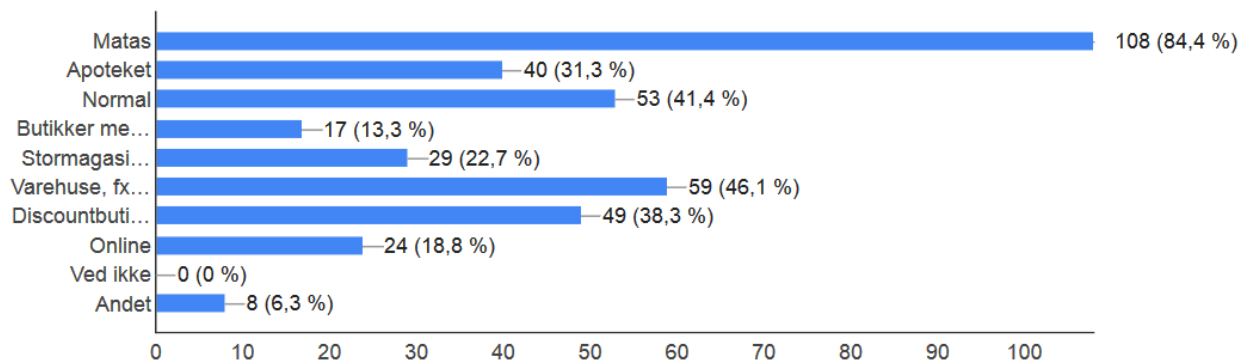


6. Hvad udgør husstandens bruttoindkomst pr. år? (128 svar)

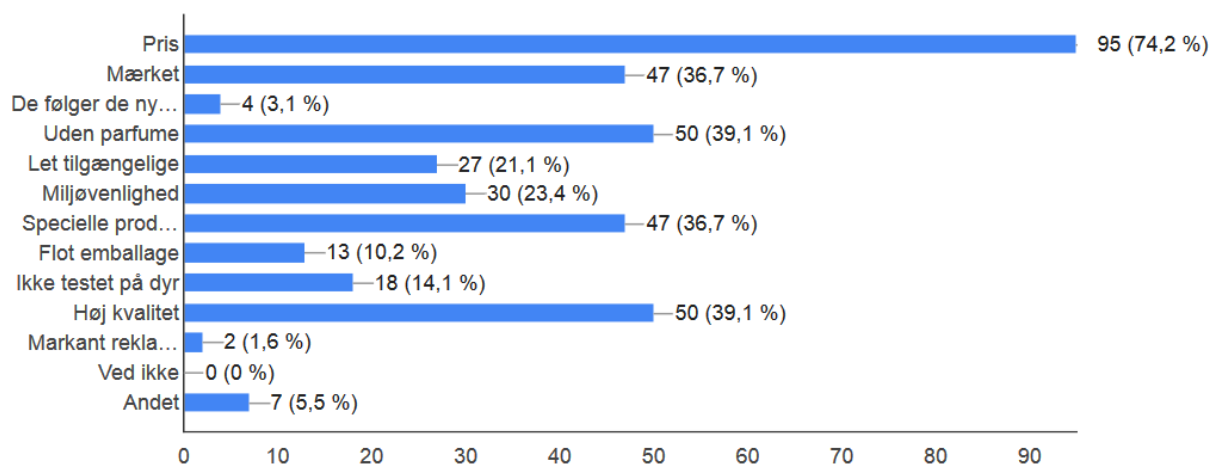


Personlig Plejeprodukter

7. Hvor køber du typisk personlig pleje produkter? (128 svar)

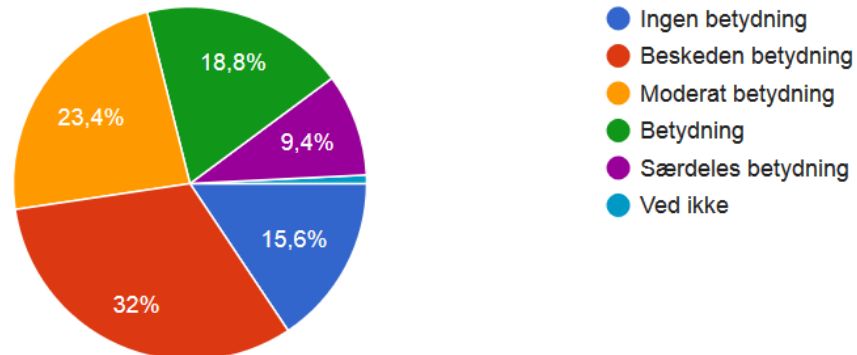


8. Hvad er vigtigst, når du køber personlig pleje produkter? (128 svar)



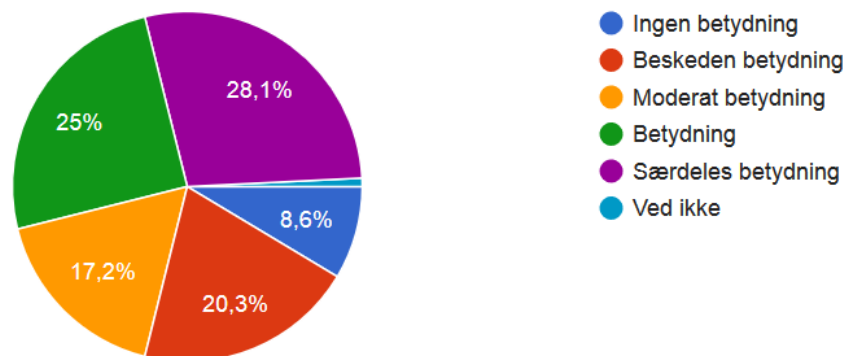
9. Hvor vigtig er miljøvenlighed, når du køber personlig pleje produkter?

(128 svar)



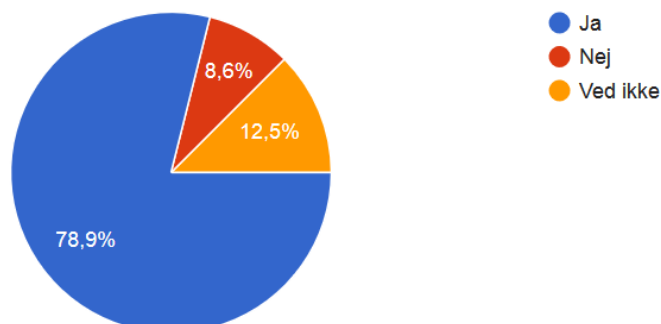
10. Hvor vigtig er det, at dine personlig pleje produkter er parfume- og kemikaliefri?

(128 svar)



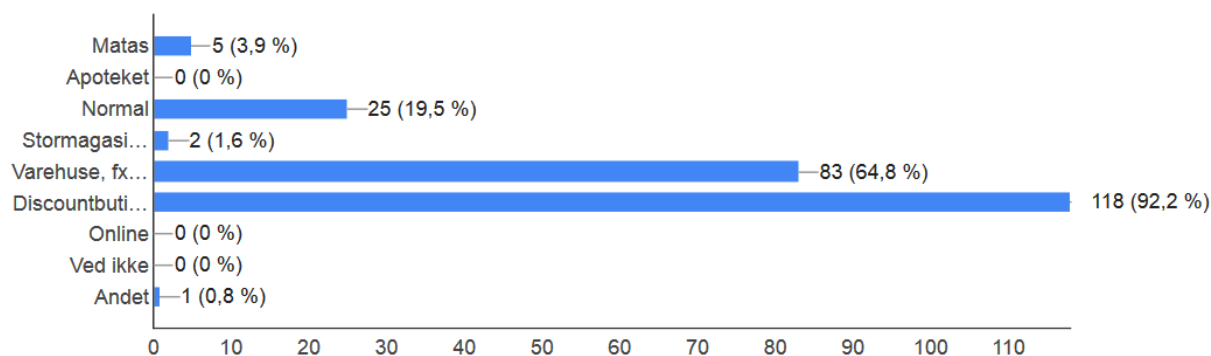
11. Vil du tænke mere på indholdet af parfumer og kemikalier i dine produkter, når/hvis du får børn?

(128 svar)

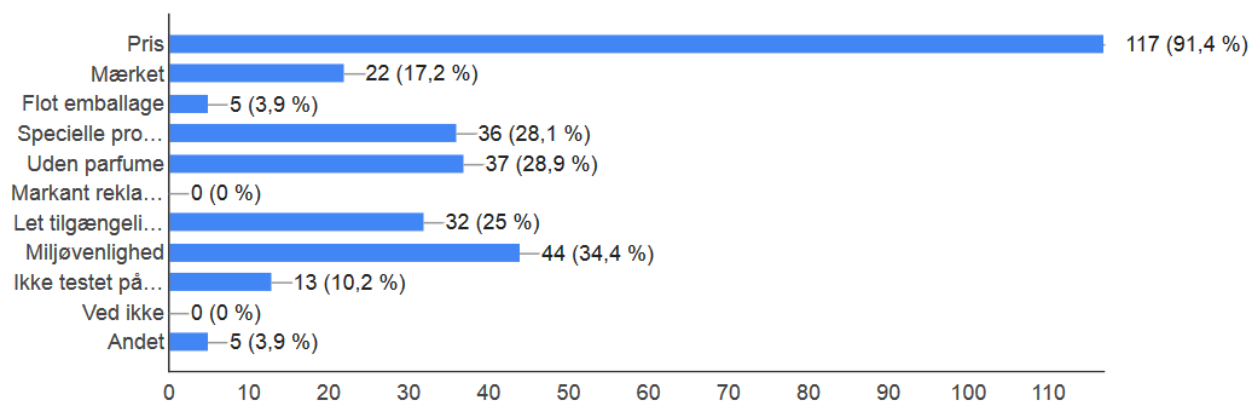


Husholdningsprodukter

12. Hvor køber du typisk husholdningsprodukter? (128 svar)

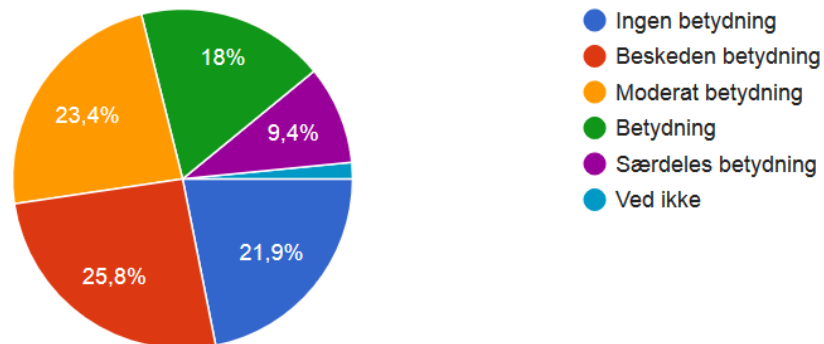


13. Hvad er vigtigst, når du køber husholdningsprodukter? (128 svar)



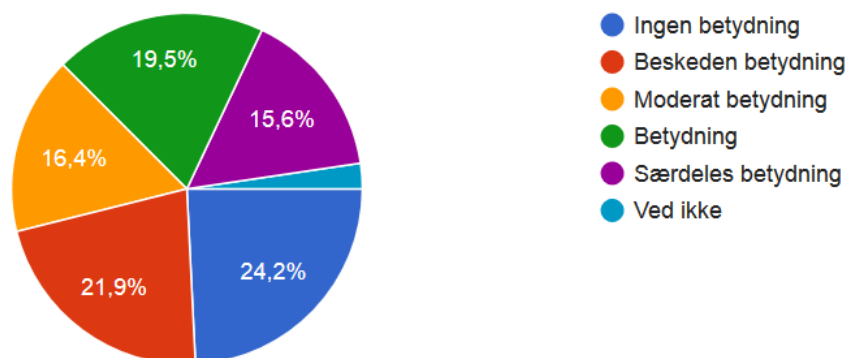
14. Hvor vigtig er miljøvenlighed, når du køber husholdningsprodukter?

(128 svar)



15. Hvor vigtigt er det, at dine husholdningsprodukter er parfume- og kemikaliefri?

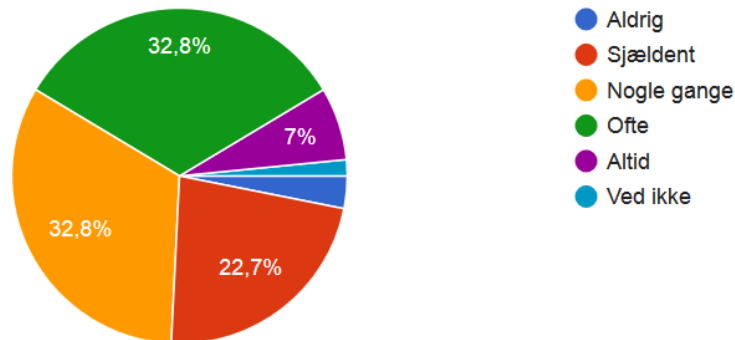
(128 svar)



Tanker bag indkøb

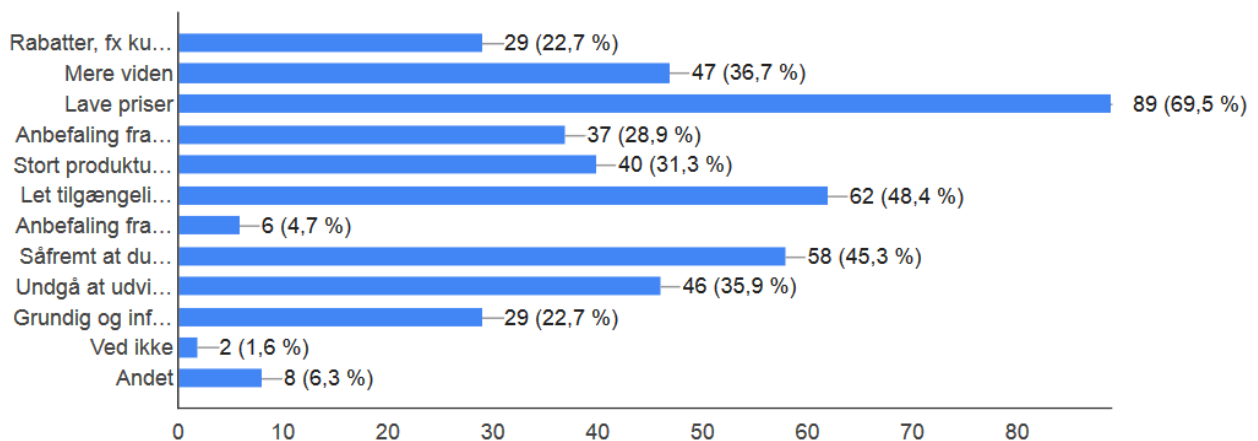
16. I hvor høj grad køber du i dag produkter, der er miljøvenlige og parfume- og kemikaliefri?

(128 svar)



17. Hvad kunne få dig til at købe miljøvenlige produkter uden parfume og kemikalier i fremtiden?

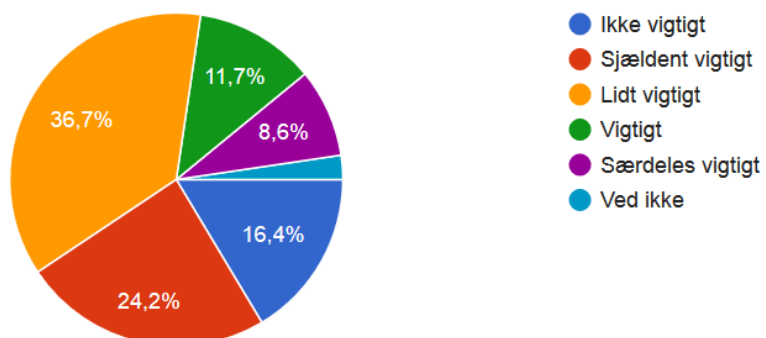
(128 svar)



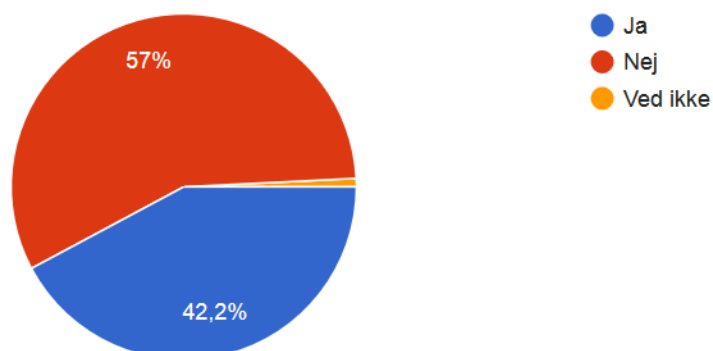
Hvad er vigtigt?

18. I hvor høj grad er personlig vejledning vigtig, når du køber personlig pleje produkter?

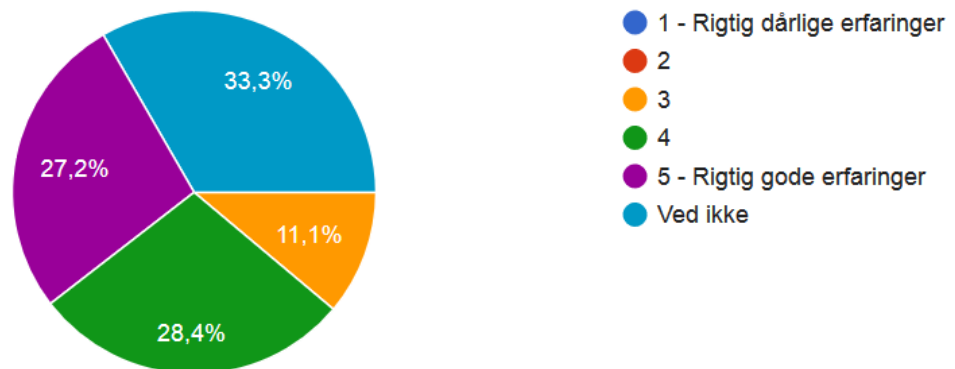
(128 svar)



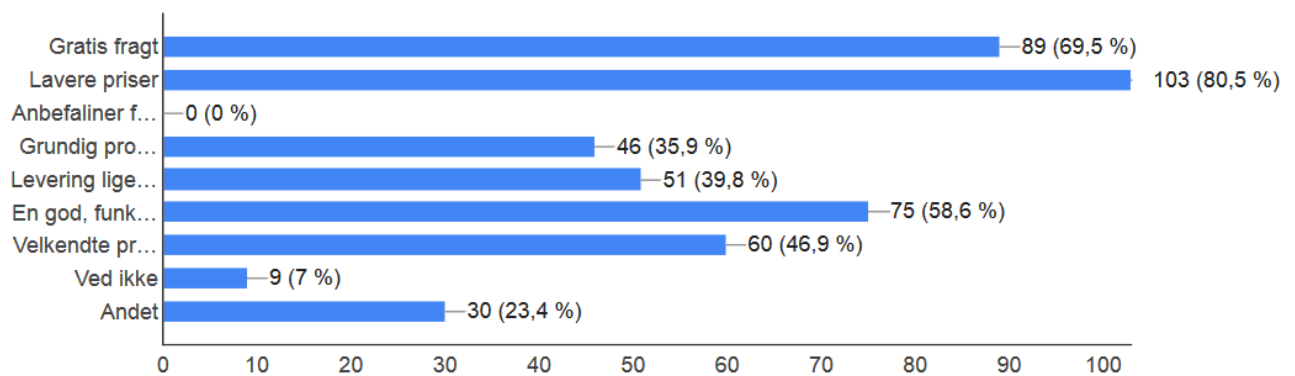
19. Har du erfaring med køb af personlig pleje produkter online? (128 svar)



20. Hvis ja, hvor gode er dine erfaringer på en skala fra 1-5? (81 svar)



21. Hvad kunne få dig til at købe personlig pleje online? (128 svar)



Appendix 5: Statistic accuracy

Univers:	5,000,000									
	5% eller 95%	10% eller 90%	15% eller 85%	20% eller 80%	25% eller 75%	30% eller 70%	35% eller 65%	40% eller 60%	45% eller 55%	50%
	5	10	15	20	25	30	35	40	45	50
50	6.1	8.4	10.0	11.2	12.1	12.8	13.4	13.7	13.9	14.0
75	5.0	6.8	8.1	9.1	9.9	10.4	10.9	11.2	11.3	11.4
100	4.3	5.9	7.0	7.9	8.5	9.0	9.4	9.7	9.8	9.8
150	3.5	4.8	5.7	6.4	7.0	7.4	7.7	7.9	8.0	8.0
200	3.0	4.2	5.0	5.6	6.0	6.4	6.6	6.8	6.9	6.9
250	2.7	3.7	4.4	5.0	5.4	5.7	5.9	6.1	6.2	6.2
310	2.4	3.3	4.0	4.5	4.8	5.1	5.3	5.5	5.5	5.6
400	2.1	2.9	3.5	3.9	4.2	4.5	4.7	4.8	4.9	4.9
500	1.9	2.6	3.1	3.5	3.8	4.0	4.2	4.3	4.4	4.4
600	1.7	2.4	2.9	3.2	3.5	3.7	3.8	3.9	4.0	4.0
700	1.6	2.2	2.6	3.0	3.2	3.4	3.5	3.6	3.7	3.7
800	1.5	2.1	2.5	2.8	3.0	3.2	3.3	3.4	3.4	3.5
900	1.4	2.0	2.3	2.6	2.8	3.0	3.1	3.2	3.3	3.3
1000	1.4	1.9	2.2	2.5	2.7	2.8	3.0	3.0	3.1	3.1
1200	1.2	1.7	2.0	2.3	2.5	2.6	2.7	2.8	2.8	2.8
1500	1.1	1.5	1.8	2.0	2.2	2.3	2.4	2.5	2.5	2.5
2000	1.0	1.3	1.6	1.8	1.9	2.0	2.1	2.1	2.2	2.2
3000	0.8	1.1	1.3	1.4	1.5	1.6	1.7	1.8	1.8	1.8
4000	0.7	0.9	1.1	1.2	1.3	1.4	1.5	1.5	1.5	1.5
5000	0.6	0.8	1.0	1.1	1.2	1.3	1.3	1.4	1.4	1.4
6000	0.6	0.8	0.9	1.0	1.1	1.2	1.2	1.2	1.3	1.3
7000	0.5	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.2	1.2
8000	0.5	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1

Source: YouGov Danmark 2016, www.yougov.dk