

# BOS Brands: challenges of internationalisation

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[. . .] to: Dave <dave@bosbrands.com>

[. . .] date: Wed, November 22, 2015 at 10:13 p.m.

[. . .] subject: Listing Opportunity

Hi Dave – Anne and I finally had the chance to meet yesterday afternoon, crossing paths at O'Hare for all of 45 minutes. We are excited by the prospect of getting BOS on our shelves in time for summer 2016, and I think we could push for a nationwide rollout. Your product is fresh, and it's doing well in Europe, which is a good indicator for our developed market. Simon M and his category team would need to head across to South Africa and to your bottling partners in Europe with one of our planners, take a look at your operations and conduct a capacity audit and - of course - we still need to run projections. But we expect to be able to move volumes somewhere around 4 million units in the first year, based on a 5-year exclusivity agreement (which is standard for all our new foreign listings). Last time we spoke, you stated that you were hesitant to take your eye off the ball in SA and Europe, but I would suggest coming across to discuss. I think we have the market and reach to build a compelling case for BOS's entry into the USA. I can also set up some meetings with contract bottlers and a few of our packaging guys stateside. Let's talk. Regards, Rick

## 1. Introduction

Resting on the marble counter in the Slow Lounge, in the International Departures Terminal of Johannesburg's OR Tambo Airport, Dave's inbox stares back at him. As always, it offers fewer answers than questions. BOS Brand's youthful Chief Executive Officer (CEO) is no stranger to tough decisions, but he has never grown accustomed to turning down game-changers like this. He had first met Rick by chance, at a low-key year-end function hosted by the Swiss company that had helped develop the flavours for BOS's new natural energy drink. The USA is not on BOS's radar just yet, but this is a major opportunity with one of the world's most powerful retailers. It is also in the planet's largest ice-tea market – consuming close to 7 billion litres<sup>[1]</sup> of ice tea a year and expanding at close to 5 per cent a year (compound annual growth rate in value)<sup>[2]</sup>.

Since joining the founding team of South Africa's fastest growing soft drink company in February 2011, Dave has watched BOS's share of its home ice tea market grow from under 1 per cent to close to 15 per cent. With this growth has come renewed global interest in their unique Rooibos-based product lines, which now include energy and sports drinks. Perhaps, he would need to get used to the fear of missing out, but he also could not help wondering if now was the wrong time to be conservative. Does it make sense to stick to the

The authors thank Dave Evans, CEO of BOS Brands, and his management team for the information and insights into the company.

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internationalisation path BOS has been following and continue with their metered, brand-first approach? Or is it time to chart a new more aggressive internationalisation path, in light of the magnitude of the leads they were starting to receive?

At just US\$1bn[3], Benelux (where BOS's internationalisation journey had begun) is a relative drop in the ocean of global markets, totalling US\$70bn[4]. Yet, the networks and relationships his team have built there alone have taken a huge amount of effort, time and attention. With more in the pipeline in Europe, they would be stretched thin as it is. Then again, perhaps the next market entry would be easier and quicker. They had more experience on their side now and stronger brand recognition abroad. But, would they have the knowledge and financial backing to truly succeed? Or would BOS just get swallowed up in a market as massive and far afield as the States. Would their trademark and irreverent guerrilla marketing techniques work in a context so different from home? As he glanced up at the departures screen, the questions continued to flow. He would need to talk all this through with the rest of the team soon.

## 2. Background

### 2.1 *The ice tea market*

Dave saw massive potential in the ice tea market, which continued to steal market share from more sugary carbonated drinks in Europe, the USA and further abroad. Industry intelligence from respected FMCG market research firm Canadean indicated that “the refreshing taste and natural, healthy image of iced tea drinks (with naturally high antioxidant content) would continue to drive growth and place the category in a good position to take advantage of the slowing carbonates market. RTD (ready to drink) tea is forecast to grow 8 per cent per year and contribute to 20 per cent of global growth in the soft drink market in the five years to 2018[5] and statistics cited in the most recent forecasts cited by BOS's Marketing Director, Marié, point in the same direction:

- Ice Tea represents close to 9 per cent of the global soft drinks market by value and volume and is one of the fastest growing categories.
- Ice tea has grown twice as fast as the market over the past five years and is expected to grow by 45 per cent over the next five years.
- RTD tea's fast growth is driven by a strong and long-lasting consumer trend towards healthier options that also offer great taste.

### 2.2 *The BOS team*

Dave first encountered BOS as a customer, stocking the 275 mL cans across his chain of artisanal bakeries. Shortly after being introduced to other founders, however, he decided to invest in the business directly, coming on board as CEO in 2011. His interest was fuelled in part by the market opportunity and by his belief in the product and brand. But, he had also formed a strong bond with BOS's people. Grant Rushmere, Richard Bowsher and Dave worked together closely from very early on. As Chief Brand Officer, Grant led the development of BOS's all-important brand and was, in many ways, the visionary behind BOS's unique positioning. Grant was outgoing and adventurous and was a well-known personality around Cape Town and beyond. Richard was a successful Silicon Valley entrepreneur who brought a wealth of entrepreneurial experience (and access to his organic rooibos farm) to the table. They were joined by BOS's energised Marketing Director, Marié van Niekerk, who has subsequently launched the brand in Western Europe with great success and just one permanent staff member. Marie was well-connected in the art, design, music and natural sports circles and shared Grant's deep passion and understanding for the BOS brand. The team was subsequently joined by Allison Collier, BOS's to-the-point International Business Development Director, who is also an active decision maker in the brand's internationalisation endeavours. Back home, William Battersby, the pragmatic Managing Director of BOS's Southern African operations, keeps

the brand on its growth trajectory and mirrors Dave's sharp business acumen and appreciation for out-the-box thinking.

Although they spent much of their time apart and travelling, together, the team were a force to be reckoned with. Their ability to build strong relationships and networks in South Africa and further afield was a major contributing factor to BOS's success. The Head of Trading for the Beverages Category at Woolworths (an upmarket South African retail brand) recently recalled a casual conversation that the BOS team had struck up with a Woolworths Director at Cape Town's Design Indaba[6] four short years ago. This friendly chat ultimately led to BOS's listing in most of the prestigious retailer's 149 stores. Dave knew that any successful evolution of BOS's internationalisation strategy would require the strategic input of these key team members and BOS's investors, which included Sir Alex Ferguson and South African venture capital firm, Invenfin[7] (Plate 1).

### 3. The BOS Brand

#### 3.1 Positioning: healthy and fun

BOS's tight-knit team and entrepreneurial spirit are evident in the brand's personable and pioneering approach, the way its products are packaged and marketed and the brand as a whole. Dave sits back for a moment to consider the brand's essence – an unexpected combination of health and fun. The brand and product had been born out of two basic insights. First, the health food and organic products markets in 2010 were niche, somber and generally took themselves too seriously. As Grant put it, they were characterised by the "Birkenstock brigade"[8]. Second, the shallow commercialism that typified the mass market consumer of the 1990s and 2000s was giving way to a deeper level of sophistication and appreciation for intrinsics.

BOS's vision from the beginning was to bring consumers a healthier beverage alternative that is also lighthearted and suitable for the mass market. The organic Rooibos[9] is farmed exclusively at Klipopmekaar (Richard's farm in the picturesque Cederberg) and is high in natural anti-oxidants. The formulations are lower in sugar than other competing products

**Plate 1** BOS's founding team includes Dave Evans, Grant Rushmere, Richard Bowsher and Marié van Niekerk



such as ice teas and soft drinks. BOS's growing product line is also made with all natural fruit flavours and is preservative and colourant-free. Instead of appealing to its natural credentials, they intentionally hide them on the back of the can (and on the brand's website and social media presence). So, although they are easy for customers to discover, BOS's packaging remains clean, iconic and fun. It also gives the brand a casual feel. Grant always likened the brand to the kind of person who cares about integrity, health and the environment but does not announce it to everyone she meets. BOS is more laid back, and so the brand's marketing focuses on the brand's fun factor and tongue-in-cheek humour instead (Figure 1).

The result is an approachable brand with good looks and plenty of soul. Multifaceted, it offers many different attributes for consumers to engage with as they get to know the brand and product. Grant's opening to the company's original investment deck touched on just a few of these. In it, he states: "BOS offers a compelling and interesting proposition of style, celebrated premium design, great taste and health. Each of these factors are underpinned by compelling product intrinsics (organic Rooibos, no caffeine, no colourants, no preservatives, low in sugar[10]). All packed together in an authentic and lighthearted brand that is fun to engage with – global but with African roots".

### 3.2 A brand-led business

A brief announcement comes over the lounge PA system: the scheduled 11.59 p.m. KLM departure has been pushed out by 30 min because of a delay in the incoming flight. Just an hour behind Johannesburg, Amsterdam was experiencing winter snow storms – a far cry from the Johannesburg heatwave. Dave orders a vodka-BOS (they have recently started supplying the Lounges in Johannesburg and Cape Town) and settles into an armchair with a view of the departures status screen and the tarmac beyond. He reads over the budget slide for his presentation at their upcoming Klipopmekaar strategy retreat in December. Perhaps, unsurprisingly, the very first bullet point covers brand-building spend in their new markets.

3.2.1 Explore cost-effective ways to build brand equity in new European markets. Additional €1.2m plan was to ensure that BOS's attributes are properly established and understood among primary audiences in France and Spain in the next three years.

Dave knows that the most effective brands are based on a combination of share-of-shelf and share-of-mind (the power to influence consumer perceptions on the ground). Regarding the former, Alison and her team have invested heavily in BOS's distribution partnerships and channels, carefully monitoring, supporting and working with distributors who understand the brand and market and work with the right retailers.

As BOS achieves a foothold in critical distribution and retail channels, there is work to be done to ensure that the gains made in brand awareness and perception keeps pace. This

**Figure 1** BOS's current ice tea range in standard 275 mL tall format cans



is especially important in developed markets such as Europe, where there can be upwards of 60 RTD tea brands to contend with. For BOS, their commitment to building a brand-oriented business plays out in some critical decisions, financial and otherwise. For one thing, this means investing time and money to ensure that first encounters with the brand take place in the right contexts. The brand's three marketing platforms are natural sports (such as surfing and cycling)[11], art and design and niche music experiences.

It has also meant a commitment to always launch the brand into the HORECA (hotel, restaurant and café) trade well in advance of hitting supermarket shelves. By utilising carefully selected outlets to reach the right crowd first, BOS builds positive associations with the brand in a high-touch and brand-appropriate setting. These environments allow BOS to be introduced to consumers in a personable and knowledgeable way rather than anonymously with just a price tag to do the talking. Marié is certainly right when she says "BOS's brand personality is its strongest asset", but it is challenging to convey BOS's multi-faceted brand to somebody encountering the product for the first time on the shelf of a local supermarket.

## 4. Internationalisation

### 4.1 *Born to be global*

The fact that BOS, a South African FMCG start-up, is present in five European countries and already moving significant volumes abroad has little to do with luck. BOS's business model and brand were designed for internationalisation. This puts BOS in a growing club of "Born Global" firms – businesses that are created with the intention of internationalising within three years of commencing operations. In BOS's case, this was based on the conflation of three factors:

1. First, the premium soft drink market in South Africa is limited and, although ice tea's share is increasing, current consumption remains at around 1 L per person per year[12] (compared to an average of 6 L in Europe and 18 L in the USA)[13]. South Africa could not provide the scale required to meet BOS's revenue target of US\$100m by 2020.
2. Second, the personalities and experience of BOS's founders and their broader team and their ambitious mindsets and global exposure (cumulatively working in Africa, Asia, Europe, North and South America and Australia) resulted in hunger for global success and the network and knowledge to recognise and develop opportunities abroad.
3. Finally, not to be discounted, the appeal of their Rooibos-based product and fun, healthy brand is aligned with global trends and tested positively with consumers in key markets.

### 4.2 *Target region/country*

One key question for the BOS team was where they should begin, in terms of target region. On the cards initially was expansion northwards into the rest of Africa (ROA) and options further afield in the USA, Europe, Japan or China – all selected on the basis of the volume and margin opportunities these regions could offer. Although the ROA is broadly characterised by fast-growing economies and a burgeoning consumer class, the team had decided against this, as the ice tea market (and related product knowledge) there remains limited and cultural and legal barriers can make business difficult in many countries.

Similarly, the ice tea consumption is relatively low in China, and the team's decision in that market was to wait for larger players to invest billions required to establish the category there first before introducing the BOS Brand. Other markets were not deemed appropriate for the brand's early stage expansion, because of the significant cultural and language barriers and the team's lack of networks and relationships in that part of the world. As a

result, Western Europe and the USA became the two primary contenders for initial internationalisation (Figure 2).

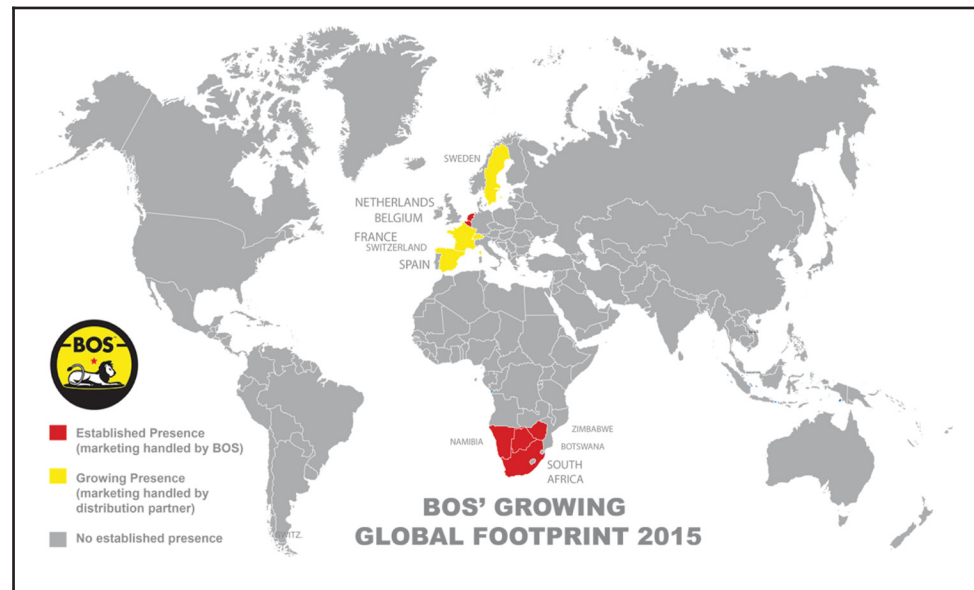
Western Europe was eventually selected for four reasons:

1. It was possible to launch the brand in smaller countries first and so contain the risk of both failure and success; it was easier to tackle Europe on a piecemeal basis, as the region's markets are more compartmentalised.
2. The cultural and language similarity between The Netherlands and Belgium, in particular, provided fertile ground to begin the internationalisation process in an environment with low communications and cultural barriers and growth opportunities.
3. The team was more connected in Europe than they were in the USA, based on BOS's existing network of partners, including suppliers (including packaging and natural flavourings), investors and other business contacts.
4. It would be easier to do business with Europe, because of proximity, making supply chain extensions and travel less complicated (many cities in Europe are accessible via direct flight from Cape Town or Johannesburg).

#### 4.3 Entry mode

Another critical decision for Dave's team had to do with entry mode. Once tea syrups have been formulated and shipped, the manufacturing process typical of soft drinks such as iced tea (just add water) is relatively straightforward. The result is a high degree of operational flexibility regarding supply chain and business models. BOS faced (and still faces) a variety of entry mode options as it enters new markets as long as the formula is protected, quality standards are maintained and the brand is built in a consistent way. They can export the packaged product (at least to begin with) and sell it through distributors abroad. This option offers the least risk and highest flexibility but the lowest degree of control concerning their all-important brand. Alternatively, it was possible to raise more capital and set up foreign subsidiaries in each country/region. Investing in their own distribution and marketing infrastructure and teams would have given the business more control, but at a significant cost and a higher level of risk. Once the brand was entrenched and demand was established, they could even licence their formula and brand to third-party manufacturers and marketers.

**Figure 2** BOS's global presence – 2015



In the end, BOS opted to internationalise by using a hybrid entry mode approach, manufacturing different packaging formats in various locations (wherever this proved most profitable) and selling the product to wholly owned subsidiaries and distribution joint ventures in different countries and territories. These entities handle their own profit and losses (P&Ls) and oversee the distribution and marketing to a varying extent depending on BOS role in each case.

## 5. BOS in Europe

### 5.1 Internationalisation stages and timeline

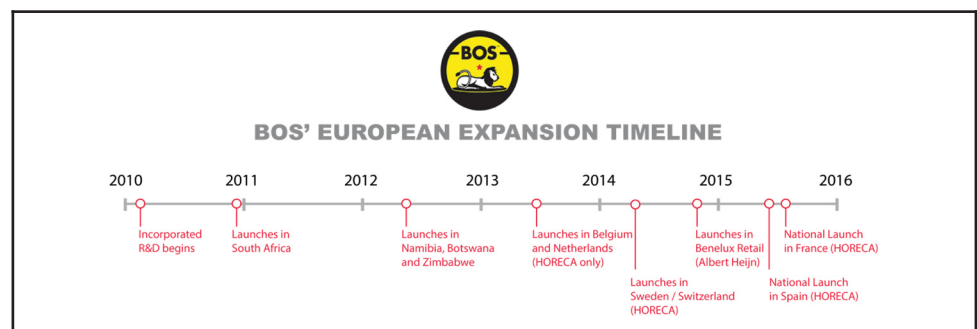
Having made their initial strategic decisions in respect of the target region and entry mode, it was time for action. BOS launched into Europe in 2013 and is now present in six countries in the continent. Dave considers the timeline to date. After South Africa and neighbouring countries, the internationalisation journey began with the establishment of the brand in HORECA trade in Belgium and shortly after that, in The Netherlands. As BOS became better known and recognised in these two launch markets, demand in nearby countries began to grow. Based on the new hybrid distributor-partnership model that was developing, BOS was then launched into key cities in Sweden and Switzerland. After about 18 months, distribution in The Netherlands and Belgium was opened up to include retail outlets. In The Netherlands, this point came by invitation from Albert Heijn (AH)[14] – one of The Netherlands' largest supermarket chains with 878 stores located across the country. Because of high levels of awareness and demand from the public as a result of Marié's grassroots marketing efforts in the Dutch art, design and music scenes, the BOS team felt the brand was known and understood enough to launch into AH (Figure 3).

Looking at the timeline, it was apparent to Dave that BOS's internationalisation was gaining momentum – an exciting but daunting prospect. Even though their recipe for foreign market entry was becoming increasingly efficient, they faced new challenges in Spain and France. For one thing, the sheer size of both required a more compartmentalised approach and a nuanced understanding of the various city profiles and cultures (with their limited staff on the ground, they had to rely heavily on their distribution partners). As he took his last sip of BOS, he wondered if it was time to evolve their distribution and marketing model or if their current structure and hands-on brand-centric approach could withstand the acceleration.

### 5.2 Competitive environment

In particular, Dave thought of the complexities of the competitive environments they faced in Europe. There were two major incumbents in the ice tea market there, Lipton and Nestea. There was also a number of other more niche, local competitors to contend with, such as Estathé in Italy and Pfanner in Austria. Of course, there were all the indirect competitors: soft drinks, energy drinks, sports drinks and mineral water. On a simple grid, Marié had mapped BOS's core positioning relative to well-established competing offerings in the EU in terms of its two core attributes: natural and fun. BOS occupied a definite gap in the

**Figure 3** BOS's Internationalisation in Europe 2010-2016



market and, to compete effectively, they needed to protect this space. Grant had summed it up best: “BOS hits the sweet spot, filling the gap in the beverage market, offering consumers a strong emotional brand and a natural, healthy product”. Not only do consumers face a vast array of ice tea and natural soft options in these markets but also competitors are better established and more aggressive than they are in South Africa. Specifically, both Lipton (owned by Unilever) and Nestea are very active. As BOS works to build their brand, they continue to encounter fierce and often direct competitive responses.

Entering their home markets (Nestle is headquartered in Vevey, Switzerland) was especially daunting. In fact, this was another key reason Alison had favoured the HORECA-first approach, “flying under the radar” initially while building awareness and demand. Not one to shy away from a challenge, Dave had wanted to take the bigger market players on more directly (and potentially benefit from the David and Goliath PR play-off), but Alison’s caution was well advised. Thus far, with support from their distribution partners and legal partners, BOS had managed to weather the backlash, but Dave was well aware that there would be more to come. Already, he had heard that Lipton was developing an ice Rooibos for the South African market[15], and he had a feeling this was just a trial market for a more ambitious roll-out (Figure 4).

### 5.3 Distribution and sales

In this environment, the only way to win in the growing ice tea market is to keep a level head and stay focused on the things that matter most – obvious as they often are. For Dave, that meant balancing time and money spent on driving availability (more push) and awareness (more pull). Marié and her team worked hard within tight budgets to seed the product within the right circles and win over the hearts and minds of the target audiences. The other

**Figure 4** BOS competitive positioning matrix



Source: BOS (2013)

component of the mix was ensuring the right distribution and that sales channels were being accessed and utilised. In addition to focusing on HORECA trade first (a rule that Alison had applied across the board to date), picking the right partners had proved crucial to BOS's success in Europe to date.

In BOS's home market, the team had actively sought to connect directly, first with HORECA outlets and later with major supermarket chains such as Woolworths. Although third parties often handled logistics, retail relationships themselves were driven and managed by Will, Alison and the South African team. This required significant resources, but it was relatively straightforward and had served BOS well as these retailers had supported the local start-up largely as a result of the personal relationships they had built. The European markets represented a more complex environment, however, as the team was less familiar with the key retailers and individual decision makers there. Based on their lower commitment entry model, BOS did not have the manpower on the ground in Europe to pursue and build the required relationships from scratch, especially not in the diversified HORECA trade. As a result, they had opted to bring distribution partners on board. Dave recalled that the best way to select the right partners and arrive at a mutually beneficial service level agreement was not always apparent.

As a result, since first introducing their products in the European markets, BOS had experimented with different distribution models and relationships. The business in Belgium was structured differently from its Dutch counterpart (this was both as a consequence of the BOS team's supplier relationships and because, in part, of a strategic requirement to test different distribution arrangements). In the case of the former, local distribution and marketing services company, Jet Import[ 16] handles distribution and marketing with more autonomy – as a turnkey solution to the BOS business in Belgium. In The Netherlands, the chosen distribution partner fulfils more of a strategic logistical function with marketing headed by Marié (who Dave will be meeting with in person after his 10-h flight). As the two models roll out, Alison works to optimize both with more changes made to the Belgian model (in which Marié's Amsterdam team began taking on a more active role in guiding and supporting marketing efforts). This was done to reinforce the brand positioning and ensure that the right audiences were engaged. One important point of commonality between the two approaches was the culture and degree of brand synergy with the partner. Once again, BOS applied its brand-first approach to select partners that had the same energetic can-do approach and that all-important sense of humour.

## **6. Building an effective challenger brand**

### ***6.1 High-touch networks***

The display monitors above turn green – Dave's flight will be boarding shortly. As he packs his laptop into his leather backpack, his mobile phone rings. It is Marié calling from Amsterdam, where it is the same time: 12.15 a.m. The Venice Biennale has just wrapped – a six-month international art exhibition that attracts a global A-list of hip creatives and over 300,000 members of the public, all of whom descend on Venice to immerse themselves in fine art, theatre, music and architecture. This year, BOS was everywhere – the soft drink of choice at the event. Marié is excited by the buzz and PR potential. Her enthusiasm is infectious, even at this time of night. With the amount of exposure BOS has had with influencers visiting from other large cities across Europe, she wants to put together a strategy to increase the brand's presence in the HORECA trade in key design cities and focus the next two months on their art and design territory. Key contacts from BOS's distribution partners in Spain and France were both at the wrap party and seemed to be on-board. She knew that they would be meeting shortly but wanted Dave to give it some thought – specifically for Paris, Barcelona and Madrid. Dave knows that she will also want to discuss investing more in the HORECA trade in The Netherlands to support the brand's entry into retail through AH. The idea that customers and potential influencers may

encounter the product for the first time on a supermarket shelf has concerned Marié for some time.

Like so much of BOS's good fortune to date, featuring at the Biennale was a function of the network of close and authentic relationships Dave and his team had built. The mere fact that senior directors from their distribution partners in Spain and France had both joined Marié for the final party in Venice was testament to this. Of course, BOS represented plenty of potential revenue for them, but Dave also believed that there was a degree of genuine affinity for the business. Just as Will had noted back in Cape Town, people wanted BOS to succeed. Marisa at Woolworths certainly concurred. It sounded un-business-like in some respects, but in Dave's mind, that sense of good will was one of the greatest rewards that came with the past five years' hard work. It was the result of time and energy invested by BOS into the people around the business – suppliers, distributors and beyond. BOS's presence at the Biennale, alongside Grolsch and a select number of boutique champagnes and spirits, was a case in point – a result of Marié's relationship building in the local art scene.

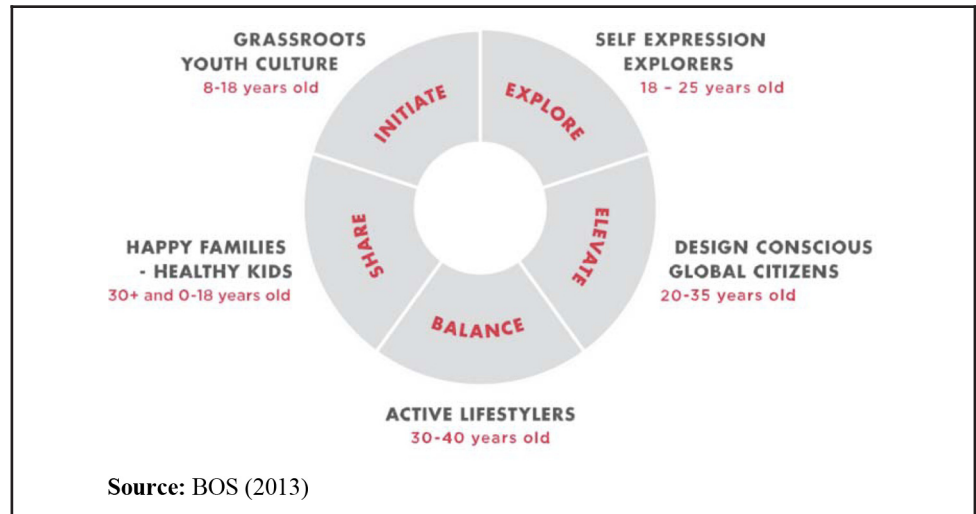
Indeed, it could be traced back to BOS's appearance at the opening of a small store-in-store by Moooi (a well-respected commercial Dutch design collective) in South Africa two years prior. Marié had received a call from the shop's owner, who she had delivered samples of BOS's new berry-flavoured ice tea when it launched in 2012. He asked her if she would be interested in sponsoring some BOS for the launch event, and Marié did not hesitate. Moooi's team took a few cans back to The Netherlands, and the rest, as they say, is history. Dave is proud of the brand's achievements and the inroads it has made in the design and art community and around its other two platforms of natural sport and music. He cannot help wondering to what extent and when BOS's growth might necessitate them moving beyond these niche early adopter markets and into a more mass-market space. Would BOS's cool cache collapse if it moved too quickly into the commercial space? Or would they be missing a critical step in their natural business evolution if they did not? Perhaps, more importantly, could they retain their high-touch approach to business while accessing and appealing to millions of consumers across multiple time zones?

## ***6.2 A fresh approach to marketing and brand building***

BOS's high-touch approach is not limited to the team's business-to-business relations but is extended to everyday consumers. Aside from emphasising on the HORECA trade over faceless supermarket aisles, BOS also makes an effort to connect directly with its five target market audiences across the business' broader marketing and communications mix. The strategy is different for each of the audience types, which are segmented along psychographic and age-related lines. For example, a "Design Conscious Global Citizen" might typically first encounter BOS at design conferences, fashion shows and art exhibitions many times before cementing her bond with the brand on social media. A younger "Self-Expressive Explorers", on the other hand, may first encounter the brand on social media and is only later be given an opportunity to sample BOS at an outdoor music festival or similar event. No matter the market, all interactions with BOS tend to relate to the one of its three platforms: natural sports, music and design/art (Figure 5).

Around these platforms, the marketing mix is heavily skewed to experiences such as sampling and activations, often connected to social media. A case in point: "BEV", a BOS vending machine that delivers an ice tea together with a public acknowledgement to anyone tweeting #bostweet4t on site[17]. BOS's cycling giraffes have also become well known for their generous hand-outs of BOS ice tea on the street of Cape Town and, more recently, Amsterdam, Antwerp and beyond[18]. In addition to presence at music festivals, cycle races and other fun and healthy events, BOS gets plenty of exposure from stunts like these, which Marié always referred to collectively as "marketing moments of joy".

**Figure 5** BOS's target audience segments



All of these activations, which together comprise the largest component of BOS's overall marketing budget, involve an element of sampling – putting cans in hands, so to speak. BOS has also been quick to use digital channels in fresh and innovative ways. BOS runner[19] is a Super Mario type game developed for iPhones and Google Play, which rewards outstanding players with spot prizes such as delivery of a year's worth of BOS ice tea. BOS's Design-a-Can site[20] is another digital platform that has generated activity and attention by allowing creative consumers to design their own can designs with the opportunity to see their designs rolled out on 100,000 units. Overall, BOS has initiated in the region of 200 different marketing initiatives, campaigns and activations, in addition to ongoing public relations efforts – all within five short years and all overseen by Marié and her small team (Plate 2).

Marié likens marketing a Born Global firm such as BOS to gardening. Without the budget of a big multinational company such as Unilever, you cannot afford the biggest trees (the World Cup adverts) but you plant hundreds of seedlings. As Marié has discovered, if you care for all of them, many of them will grow and develop as the brand matures. The challenge for Marié is that it is difficult to say ahead of time, which of her initiatives will ultimately bear fruit. In total, BOS diversified approach to marketing has brought with it a number of benefits:

- *Value:* It achieves reach and builds awareness over time without massive “above-the-line” spend on TV commercials and billboards.
- *Affinity:* It provides an opportunity to build deeper connections with consumers and enrich their day rather than interrupt them.
- *Depth:* It promotes a multifaceted or “layered” brand experience that allows for constant discovery of different brand elements. For example, BOS's commitment to planting and permanently maintaining a tree in an impoverished area for every 2,000 cans they sell[21].
- *Flexibility:* It allows for a responsive and agile brand-building, allowing the team to take advantage of prospects wherever they arise – many of which have burgeoned into bigger opportunities over time (such as the Venice Biennale).

Dave agrees that their current approach has brought the BOS brand significant awareness and affinity in South Africa, The Netherlands and Belgium at cost-effective spend. But, he is aware of the downsides too – especially as BOS enters bigger and more diverse markets. One concern is the potential lack of focus that can result. Marié and her team are finding



**Source:** BOS (2013)

their attention increasingly stretched between different countries and marketing territories. Add to this a marketing mix with too many moving parts and the result could be inefficient in the long term.

Second, and linked to this, Dave is not sure that the current approach will scale well as BOS's growth accelerates into the future. In addition, as the business achieves economies of scale, Dave wonders if "above the line" brand-building approaches will become relatively more affordable. He also wonders if, as the brand moves along the adoption curve and away from early adopters, whether the same high-touch approach will be necessary. The team will need to dig deep, creatively speaking, over the next two years to develop the brand and offering in fresh new ways that are appropriate for a mass market while still retaining the brand's all-important personality.

### ***6.3 An emphasis on creativity and innovation***

On the upside, innovation is part of BOS's *modus operandi*. The team's constant quest to keep the brand relevant and cool in the minds of consumers involves an ongoing role for out-the-box thinking, including not just marketing but new product development (NPD) too. In the past year alone, the BOS team has launched a sparkling ice tea variant, a popular Rooibos and guarana energy drink and BOS's new 500 mL BOS Sports drink format. Certainly, as Alison was quick to point out, the speed and agility at which the BOS team can move innovations through their pipeline puts bigger players such as Nestea to shame[22] (Figure 6).

In many instances, the team had to innovate to survive or to eliminate inefficiencies that larger corporate entities could throw money at instead of creativity. In other cases, innovation is fuelled by the team's genuine enthusiasm to push boundaries and respond to customers on the ground. Because of their proximity to the end consumer (especially in HORECA contexts), the BOS team has a great sense of "what will fly". The most recent addition to the BOS product line was BOS Sport, a range of isotonic, organic Rooibos-based sports drinks that deliver an extended/sustainable energy

**Figure 6** BOS sport drinks launched in January 2014



profile[23]. The range also boasts a lower glycaemic index and none of the synthetic flavourings or colourants that have come to define the rest of the category. This innovation was born out of BOS's interactions with sportswomen and men, born out of the natural (or "free") sports marketing platform and the relatively wholesome credentials of their ice teas, which are proving popular with an increasingly health-conscious sporting profile.

Dave knows that BOS's track record of successful innovation in marketing and NPD will become increasingly important moving forward. Crucially, it will assist in maintaining interest in the brand and growing BOS's share-of-shelf across categories. He also believes that innovation has a greater role to play in allowing the business to scale. He has been reading about the four I's of digital marketing: identification, information, interaction and innovation, and feels that this approach could contribute to BOS's broader marketing and business development efforts. As Dave heads towards doors of the lift that will take him to his departure gate, he reminds Marié that he will be joining her in Amsterdam shortly. Before he dials off, he promises to give some thought on the flight over to how they could build awareness in the areas around those AH supermarkets located in areas where BOS has no lower awareness levels. For Dave, somewhere between low-contact supermarket aisles and high-touch publicity stunts lies the answer.

## 7. Ongoing internationalisation challenges

### 7.1 *Psychic/cultural distance*

Another question Dave has raised before with his team is the extent to which BOS's innovative and creative approach will appeal across different markets and cultures. Grant had always maintained that the brand was founded on values with inherent universal appeal, and that BOS's fun and healthy credentials resonate globally. Dave agrees that in recent conversations with Marié, they had also discussed the extent to which the brand may need to be adjusted for different markets. The Netherlands and Belgium were selected as BOS's first-entry markets in Europe, in part because of Europe's geographic proximity. This reduced transport-related operational costs and the degree of travel and communication complexity, especially relative to Asia and the USA. Another important type of distance that Dave's team took into account was cultural (or "psychic") distance. The Benelux region, in particular, offered certain cultural and language similarities to certain parts of South Africa, and there was agreement that this

would ease the business' initial transition into international markets[24]. An appreciation for lighthearted/quirky humour was certainly one example (BOS's "designer irreverence" had been well received to date).

However, even there, Marié finds that the appropriateness of BOS's three platforms differed by cultural context. In The Netherlands, for example, there is a strong emphasis on design and art, with most of the brand ambassadors and influencers moving in related circles. The design scene there is very open, expressive and does not take itself too seriously, which results in a comfortable fit for the brand. In Belgium, on the other hand, BOS engages with more consumers through their music platforms; here, the brand was often seeded through outdoor sporting and music events. This was in part due to the brand's relationship with Jet Import, but Dave felt that there were also certain cultural nuances that set the markets apart. As BOS pushes forward into new markets that are less culturally similar, there is certainly more work to be done to ensure that cultural distance is taken into account and mitigated where possible. As BOS entered each market in Europe, they learnt more about how to internationalise effectively, where to take cultural nuance into consideration and where to stick to the way they had built the brand at home. Much of this learning came through networks and contacts in those markets, but much of it was also based on a clear understanding of BOS consumers and influencers on the ground.

### *7.2 Country of origin role*

Relatedly, there was the matter of BOS's South African origin. There was agreement among the team that "South African" or "African" should not be one of BOS's primary attributes. Rather, subtle African references[25] hinted at BOS's African roots. However, the brand was ultimately created to be a "global brand with African roots". There were many other brand attributes the BOS team wanted consumers to recall before "South African". On the other hand, however, Rooibos' natural benefits were increasingly recognised abroad, and BOS's Rooibos base was a significant source of differentiation and appeal in the European markets. Grant had often noted that Rooibos was the ultimate source of BOS authenticity. As 100 per cent of the world's global Rooibos supply is grown within a 100 km radius of Klipomekaar farm in South Africa's picturesque Cederberg mountains, this sense of provenance was still important.

Although no formal market research on the subject had been conducted, Marié believed – based on her interactions with customers – that the majority of European consumers did not know that BOS came from South Africa. In fact, many brand fans were under the impression that BOS was a local European product. Most who read the back of the pack viewed BOS's South African heritage and backstory favourably, but Marié wondered if this would be the case elsewhere. The Netherlands, Belgium, Switzerland and Sweden were relatively small countries with highly educated and well-travelled populations. Would other consumers who were less familiar with South Africa's countryside, culture and national tea understand or appreciate the fact that BOS was South African? Would they know what Rooibos is? Would it be better to tweak the brand to either downplay or up-play these provenance components? Certainly, research conducted recently suggested that many consumers can and do form negative associations around products from emerging market contexts such as South Africa, based on assumptions about their quality and safety. In addition, some countries were more patriotic in the purchasing habits and were naturally less likely to buy foreign products. When he studied and worked abroad as a Management Consultant, Dave had observed that consumers are not equally adventurous and open-minded the world over. The extent to which other countries in Europe and further afield would appreciate BOS's African roots or its quirky and colourful South African sense of humour remains to be seen.

### 7.3 Legislative and legal hurdles

Another set of complications, although anticipated, were legislative. Not only did BOS have to comply with onerous EU product and packaging standards but also had to change their label design for these markets. Furthermore, listing in AH had been a coup and had not gone unnoticed by Nestle and Unilever. Within six months (and based on some energetic lobbying behind the scenes, Dave suspected), Brussels passed new legislation that forced BOS to change its product name too. These new regulations specified that only products made with Ceylon-based tea leaves (*Camellia sinensis*) could be called ice tea. Initially, the team had been flummoxed. In true BOS style, a workshop was called over Skype one Sunday afternoon, and the matter was resolved within 4 min – a record even for BOS.

Marié had long felt that Rooibos' credentials should be up-weighted on BOS's packaging without sacrificing its iconic simplicity. She had been tracking Google searches and entries around the Rooibos name globally and had watched their key ingredient and differentiator rise to fame over the past three years based on anti-oxidant and anti-inflammatory properties. Henceforth, it would be BOS Ice Rooibos. The team approved the change unanimously. Nevertheless, running different naming conventions and label formats is creating complications. Phrases for search engine optimisation now need to be built around two different product names, and global social media profiles must alternate between the "tea" and "Rooibos". Operationally, there was also now a risk of running too many products labelled for one market and not enough for another, which could lead to stock management headaches down the line. It is seldom that a month goes by without a legal letter arriving that requires some form of expensive response[26] – Dave recognises that this is largely a tactic to wear the BOS team down, but the expense (financial and in terms of focus and effort) is very real.

## 8. Conclusion

### 8.1 Opportunities near and far

The BOS team and investors are truly fortunate, the business and brand's growth has far exceeded expectations. Their challenge at present – to choose between so many good opportunities – is a great challenge to have. As a Johannesburg thunderstorm moves in outside, he runs through the options one last time. They could stick in the Western European countries (where BOS has been present for a few years) and put all the team's efforts into becoming the third biggest ice tea brand there. Alternatively, they could expand more aggressively into the rest of Europe and invest greater energy into growing the brand in France and Spain. They could seek additional investment and take advantage of the US opportunity that appeared to be developing, or they could invest this same capital into accelerating their internationalisation in Europe – perhaps in Germany first and the UK – a popular exit point for Canada and the USA. They could even leverage their brand exposure and distribution relationships to build the brand elsewhere on the African continent. Each of these options came with a unique set of potential upsides and downsides. Dave knows that if the team chooses to go ahead with a US deal, they will encounter many of the challenges they had experienced when entering Western Europe (cultural distance and myriad legal and competitive hurdles among them). They will need to weigh the risks up against the rewards and decide just how thinly they could spread themselves to grow at the maximum possible pace while still protecting the many facets of their business and brand that have worked so well to date. Dave and his team seem to have many decisions to make and, as is often the case these days, so little time to make them.

He settles into his seat bound for Amsterdam, with some time to think through the more immediate challenges around bolstering brand awareness for BOS in The Netherlands. He finds himself agreeing with Marié; no consumer should encounter their brand for the first time in the aisle of a supermarket. In The Netherlands, a country of under 17 million people,

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Small businesses,  
Entrepreneurship,  
Globalisation,  
Brand management/equity

this challenge was far from insurmountable, especially given the traction Marié and her very limited team had already managed to achieve there. Ultimately, however, this is a small component of a bigger set of questions, which BOS needs to answer (and ultimately innovate around) to continue growing the business. How will BOS best scale its high-touch and personable brand for the world's mega ice tea markets? What are the key strategies they will need to put in place to ensure that they leverage and remain true to the brand? How can they achieve this within an efficient timeframe to ensure that they do not miss out on too many opportunities along the way? To that end, before he switches his phone to flight mode, Dave takes a few minutes to send a reply to Rick's invitation. He is not certain that it is the right call to make, but then, as with many junctures along BOS's internationalisation journey, he realises that more time spent thinking probably would not bring greater clarity than he already has.

## Notes

1. RTD tea in the USA: [www.euromonitor.com/rtd-tea-in-the-us/report](http://www.euromonitor.com/rtd-tea-in-the-us/report) (Euromonitor, 2015).
2. RTD tea in the USA: [www.euromonitor.com/rtd-tea-in-the-us/report](http://www.euromonitor.com/rtd-tea-in-the-us/report) (Euromonitor, 2015).
3. RTD tea in The Netherlands: [www.euromonitor.com/rtd-tea-in-the-netherlands/report](http://www.euromonitor.com/rtd-tea-in-the-netherlands/report) (Euromonitor, 2015).
4. Source: [www.bdlive.co.za/business/retail/2013/09/23/bos-plans-to-take-its-ice-tea-to-rest-of-africa](http://www.bdlive.co.za/business/retail/2013/09/23/bos-plans-to-take-its-ice-tea-to-rest-of-africa) (Business Day live, 2013).
5. Source: <http://canadeanreportstore.industryreportstore.com/soft-drinks/iced-rtd-tea-drinks/global-iced-rtd-tea-drinks-report-2013.html> (Canadean, 2013).
6. Design Indaba is an annual global design conference that takes place in Cape Town in February. In 2011, BOS was a finalist for the coveted MBOISA (Most Beautiful Object in South Africa) Award.
7. BOS is a privately and closely held company with majority shareholders, South African early-stage venture capital firm holding the largest number of shares. Dave, Richard, Marie, Alison, William and Grant also hold significant stock. The balance is held by trusts and private individuals including Sir Alex Ferguson, former Manchester United Manager.
8. Birkenstock is a German brand of cork and leather orthopaedic sandal, popularly perceived as the quintessential footwear choice of more ardent and devout natural or ecoconsumers.
9. Rooibos tea is made from the fynbos plant of the same name, which is endemic to a small mountainous region of the Western Cape province. It is very rich in anti-oxidants, electrolytes, anti-inflammatory properties and essential minerals and contains no caffeine or preservative.
10. BOS lemon ice tea contains 6.8 g of carbohydrates (predominantly sugar) per 100 mL compared to Lipton's 8.2 g and Arizona's 9 g. Coca Cola contains 10.6 g (source: BOS Brand Introduction, BOS, 2013).
11. Natural sports (or "free" sports) are defined by the BOS team as outdoors, high energy sports which are generally free to participate in and involve a high degree of interaction with natural elements.
12. RTD tea in South Africa: [www.euromonitor.com/rtd-tea-in-south-africa/report](http://www.euromonitor.com/rtd-tea-in-south-africa/report) (Euromonitor, 2015).
13. RTD tea in the USA: [www.euromonitor.com/rtd-tea-in-the-us/report](http://www.euromonitor.com/rtd-tea-in-the-us/report) (Euromonitor, 2015).
14. Like Woolworths in South Africa, Albert Heijn is a full service (not discount) supermarket that offers a premium customer experience and higher quality products. AH's market share in The Netherlands is currently 30%.
15. Lipton Red Tea launched in South Africa in 2012, 18 months after BOS (unlike BOS, Lipton "Red Tea" is a rooibos flavoured product, not a rooibos-based product).
16. Jet Import is a well-respected importing, distribution and marketing partner that services multiple brands in Belgium, including BOS and Red Bull. Belgium is one of the few remaining countries in which Red Bull relies on a third party for these services.
17. View video content related to BEV and #bostweet4t: [www.youtube.com/watch?v=mzUXa6JThVQ](http://www.youtube.com/watch?v=mzUXa6JThVQ)
18. View video content related to BOS's cycling giraffes: [www.youtube.com/watch?v=hLplyRpP9wU](http://www.youtube.com/watch?v=hLplyRpP9wU)
19. Download the BOS Runner game app for iPhone and Google Play: <http://bosicetea.com/bosrunner/>

20. View public BOS can design submissions: <http://bosdesigner.com/can-3d-8>
21. This contribution is only communicated in video content on the BOS website and is not included in public campaigns or on packaging: [www.bosicetea.com/#section-sustainability](http://www.bosicetea.com/#section-sustainability)
22. BOS Sport took just four months to develop from concept to final product.
23. In late 2015, BOS Sport launched its own website: [www.bossport.co.za/](http://www.bossport.co.za/)
24. Afrikaans, one of South Africa's 11 official languages, draws heavily on its Dutch ancestry and bears close resemblance to both Dutch and Flemish.
25. The bright blocked colours of the pack designs, the BOS of Rooibos (an Afrikaans word) and the lion were all selected as being emblematic of South Africa during the initial brand design phase.
26. Most legal issues that are raised involve trademark and other intellectual property matters or marketing claims.

## Exhibit 1

**Figure E1** The global ice tea market

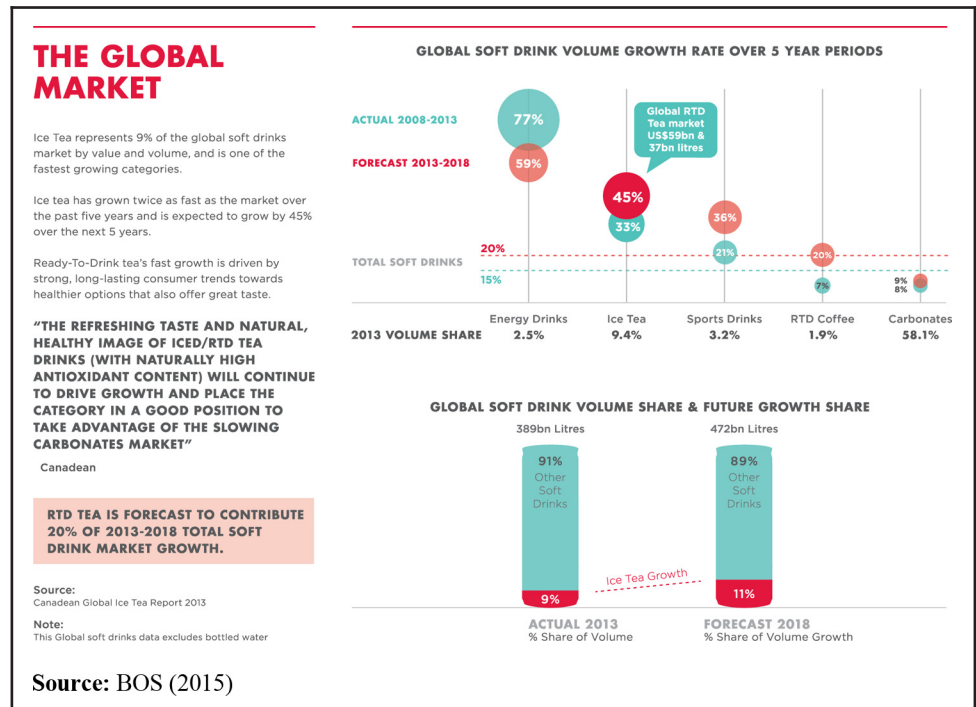


Exhibit 2

**Figure E2** Ice tea market and competitors – South Africa

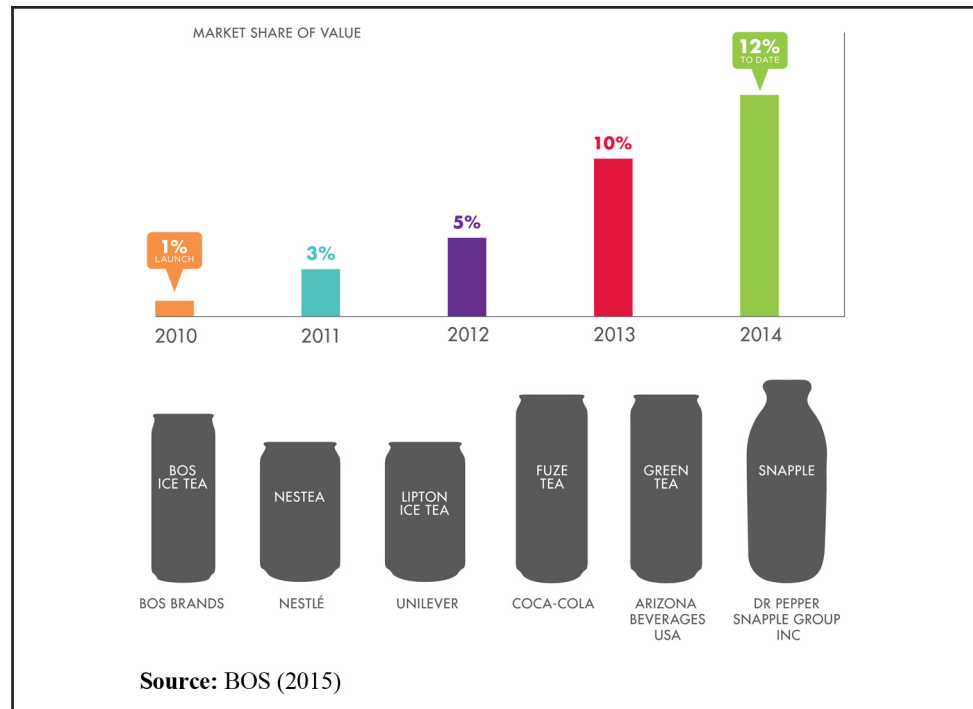


Exhibit 3

**Figure E3** Marketing and activations 2015 – The Netherlands

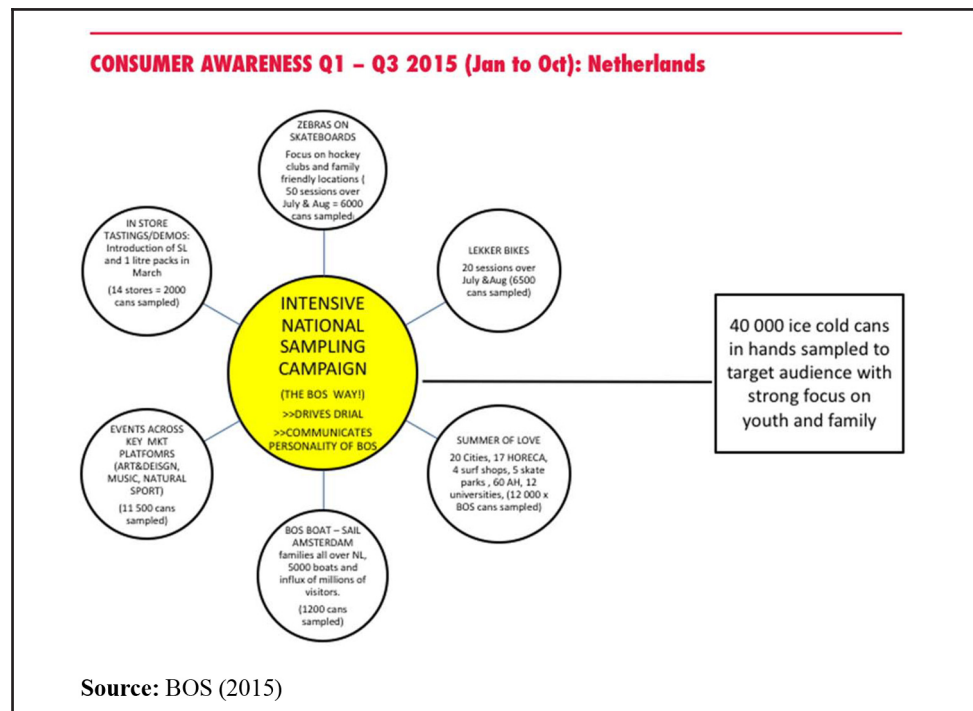


Exhibit 4

**Figure E4** On-premise/HORECA merchandising examples

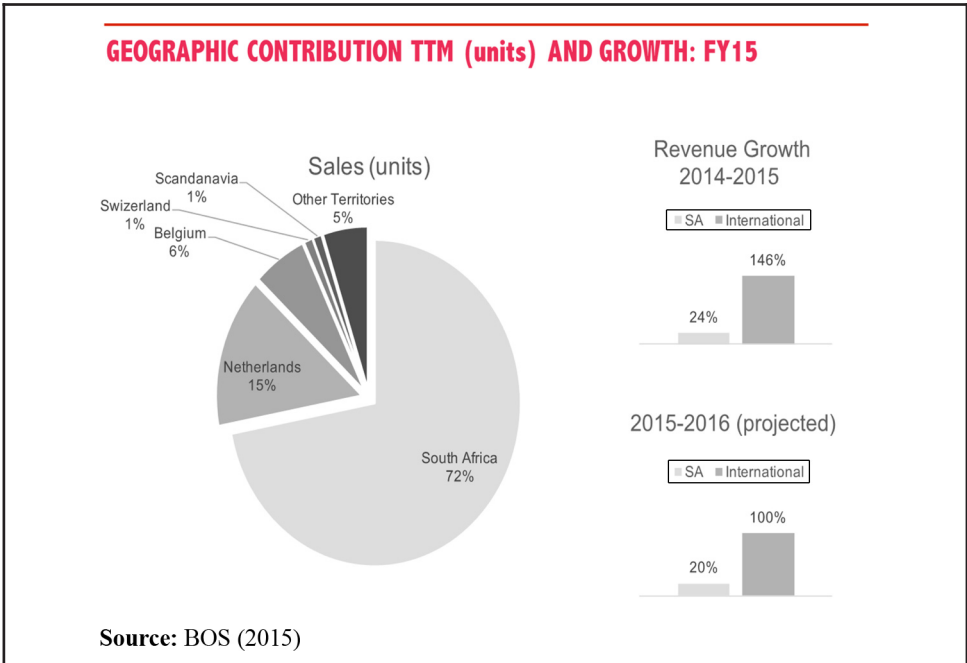
**ON-PREMISE: IDEAL BOS MERCHANDISING**

EXAMPLES OF IDEAL MERCHANDISING IN ON PREM/HORECA ENVIRONMENT: AIM TO CREATE BOS FLAGSHIP OUTLETS AND CREATE MAXIMUM VISIBILITY BY USING BOS UMBRELLAS, CHALKBOARDS, FRIDGES, BUCKETS, TABLE TALKERS AND BUILDING "WALLS OF CANS"

**Source:** BOS (2013)

Exhibit 5

**Figure E5** Sales contribution and growth by region



### **About the authors**

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