

AMSTERDAM ENTREPRENEURSHIP CASES:



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November 30th, 2020

Introduction

'As customers we did not feel understood by multinational food companies and their sugars, artificial sweeteners and unhealthy ingredients. What can we drink to support our daily activities besides water and herbal tea? The good wasn't good enough, because taking our water bottle with lemon juice on the go was not sufficient. This had to change.'

Predator is a Dutch start-up, founded by the two sisters Natasha and Bianca de Jong, in Amsterdam, the Netherlands. The entrepreneurs behind Predator felt that something was missing on the shelves of retailers. Whilst looking for healthy beverages, the only options in the perception of the founders, were water and tea. Hence, they decided to go on a quest for a healthy drink. This led to the market introduction of Predator: an endurance drink that consists of natural herbal energizers, instead of caffeine or sugar, to increase energy levels. As a social enterprise, Predator makes sure that with every sale, 1 cent is donated to the Predator Protection Plan: a plan to protect the endangered species in Africa.

At the time of writing, Predator is sold at retailers Holland & Barrett and Spar, with a good chance to become available at specialty stores of Jumbo (the 2nd largest supermarket chain in the Netherlands) soon. In addition, a big retailer in the United States, Gelson's, has committed itself to sell Predator in the nearby future whereas in Asia, negotiation talks are held. Moreover, there are plans to extend the product line of the Predator brand from healthy drinks to healthy food bars and nutrients.

Background of the founders

The founders of Predator, Bianca and Natasha de Jong, were born in Hilversum, The Netherlands. Both studied Political Science from 2008-2012 at the Vrije Universiteit Amsterdam. During their studies, both Bianca and Natasha became particularly interested in conflict studies. After studying Political Science with a specialisation in conflict studies, Bianca and Natasha had one goal: offer solutions to social problems.

"We have studied wars a lot; the starting point, trigger point, cause and an incipient conflict. We have read and heard a lot during our studies from both books, professors and research. But the remaining 70% of conflicts can only be understood by experiencing and explaining it ourselves. That is the reason why we moved to the Democratic Republic of Congo after our studies: the world's most dangerous country with the most conflicts, at that time. Rebel-leaders rule villages supported by arms dealers and areas are destabilized for economic reasons. In this way we learned about the direct causes of conflict: economic interests."

Natasha, the youngest of two sisters, started her career as a consultant at the company Brand New Sales. At Brand New Sales, her entrepreneurial spirit was awakened when she developed a new sales telemarketing department within the company. From 2013 onwards, Natasha is part of l'Observatoire Africain de la Sanction Positive, an NGO based in Congo. Its mission is to promote human rights, democracy, peace and security by supporting and highlighting the positive actions taken by individuals or organizations to that end.

Rather than becoming a politician, lawyer or judge, Bianca and Natasha jointly agreed that the best way to apply their practical skills and knowledge of politics to achieve a better future for people and animals was through entrepreneurship. In May 2014, Bianca and Natasha therefore founded Golden Global Innovations, a company that focusses on innovation and sustainability by challenging the future of retail. Golden Global Innovations, with its goal to develop products that provide sustainable solutions for real problems within society, could be seen as the forerunner of Predator.

The first actual in-house manifestation of Golden Global Innovations is Predator Endurance© launched in November 2014. Under the Predator brand, a series of candy bars are planned to launch in order to broaden the *product* portfolio. But Golden Global Innovation also introduces products under other brands like Reflect (an assortment of healthy fruit-based waters and Fitness Girls (a series of natural nutrients), as to strengthen their *brand* portfolio.

The business challenges they faced with regard to distribution

Six years after its start, Predator is up and running, employees are hired to support growth and the first stock of 50.000 Predator Endurance cans has been sold. Nevertheless, it has been a long road with a lot of challenges. Whereas the entrepreneurs initially wanted to control and execute all the aspects of the business themselves, they had a hard time getting a foot in the door at retailers. In the beginning of 2016, they had to work together with a distributor, as this was the only way to get access to retailers. As a consequence, an alliance with a distributor was formed, who took care of marketing and branding.

“We thought that we needed someone else to manage our marketing, branding and distribution channels, the person in question happened to have the access. But the problem was, the party involved turned out to be an ordinary box-slider, not a brand-builder”.

This distributor took a huge margin of 34%. The advantages of an aggressive sales approach would have been more relevant, if Predator was purely competition driven and wanted to gain market share as soon as possible. However, being a social enterprise, long-term results were considered to be more important than quick sales. Consequently, the choice was made to use the margin that was now lost to the distributor, to build and monitor the brand in-house as well as take back control of sales, although this went at the cost of a quick launch.

Soon after, the incubator of Coca-Cola proposed itself as potential partner. An incubator is a company that helps other new businesses to literally “start up” and grow by providing services such as housing, management training and access to investors and networks. At first glance, a collaboration with Coca-Cola could open a lot of doors. A potential partnership would have made it possible for Predator to grow fast.

Nevertheless, based on their gut feeling, the entrepreneurs decided that they did not want to associate themselves with the Coca-Cola brand: they felt the gap between Coca Cola’s and Predator’s values was too big. While Predator is focussed on values such as change-making, inspiring and health conscious and could be considered as a social enterprise, Coca-Cola Company could be considered as a profit-seeking commercial enterprise with values such as leadership, passion and quality.

“Coca-Cola as an incubator just did not feel right back then. Not only are our values completely different, it would also be really hard to make someone believe that Predator is healthy whilst being strongly linked to Coca-Cola. Maybe there will come a time when we need them, but then it is for more impact.”

A potential collaboration with Coca-Cola was forsworn just as the established collaboration with the distributor.

The challenges they faced with potential production partners and retailers

Complex mix of ingredients and number of suppliers

Predator is currently being produced in Austria. The manufacturer was actually the only feasible option, since Predator had a lot of requirements on sustainable production as well. To keep emissions from logistics as low as possible, the manufacturer had to be close to the distribution channels. No Dutch manufacturer was prepared to even talk about sustainability, if not at least 1 million cans of production was secured. The manufacturer in Austria ‘only’ required a minimum total order of 300.000 cans. Furthermore, Predator wanted sustainable packaging in cartons, whereas most manufacturers use plastic. Manufacturers rather use plastic bottles as it would suit the market conventions better.

Predator has developed a very well-balanced mix of ingredients and their respective functions. Therefore, Predator doesn't want to make any concessions to their recipe, which again narrowed down the options of manufacturers. Adding to that, most manufacturers prefer to use their own ingredients, both for economic and efficiency reasons. However, Predator insisted to use their own ingredients. Since Predator contains 20 different ingredients, which are delivered by 15 different suppliers, producing Predator is also a logistical nightmare for manufacturers that seek volume and efficiency, not per se the best product.

Product taste

Predator wanted to start with two different tastes (representing the personality of the two sisters). Different tastes are possible, but with a minimum of 57.000 cans *per taste variant*. So testing more variants and or adapting to local preferences would be limited to four, considering to minimum order size of 300.000. This puts quite some pressure on a still relatively young start-up like Predator. Therefore, Predator has only one production run per year. This makes planning of distribution and timely delivery a huge challenge.

Retailer challenges

The retailers whom adopted Predator in their assortment also proved to be challenging to cooperate with being a start-up. First, relatively small batches of production put pressure on the margin left to negotiate with the retailer. Second, producing in small batches mean relatively high costs per can, mostly because of fixed costs. In addition, managing distribution, due dates, numbers of cans and keeping an eye on the profit margins is a complex job.

Brand Identity of Predator

"When you are health conscious, you are really aware of what you eat and drink. As customers, we did not feel understood by the leading food companies with their sugar shockers, caffeine crashers and unsustainable way of producing. The range of products is wide, but innovation is limited since the market is dominated by a few suppliers with one goal: maximize profits."

As with many start-ups, Predator saw an opportunity to challenge the status quo. First, Natasha and Bianca saw a gap on the shelves of the retailers, that of a healthy endurance drink. From a young age, the sisters were inspired by a healthy lifestyle and started reading food labels. Whilst looking for healthy drinks, the only options they perceived as meeting their standards were water and tea. They found food manufacturers responding to the health trend with unhealthy sodas, packaged in green labels, today also typified as 'greenwashing'.

An analysis of the package labels showed that drinks positioned as healthy, such as juices, contained as much sugar as for example a can of Coca-Cola. Additionally, in terms of energizers, the entrepreneurs behind Predator found that caffeine was working as a drug. Whereas the drinks gave energy at first, the energetic moment was followed by a crash. Secondly, they found out that caffeine could lead to heart palpitations and anxiety attacks.

"After living in the Congo (Africa), we could see the direct consequences. The diabetics rates are increasing rapidly in African countries, people are not begging for money for water, but for soda. Plastic waste is piling up and enters our waterways and ecosystem."

Now more than ever the planet needs responsible leadership. Businesses and consumers can be at the forefront of change. Producing better and consuming more wisely is the solution.”

Furthermore, the sisters developed a strong awareness of endangered species during their work in Congo for l’Observatoire Africain de la Sanction Positive. Consequently, it became their personal goal to protect the most endangered animals and their habitat. Combining the health pillar with these protection goals, their mission became to make people aware of the impact of their behaviour on the environment and what people can do about it themselves.

Their experience of living in Congo made them aware that the jungle was rich in nutritious and healthy ingredients. These ingredients could be used to develop a healthy alternative for the energy drinks that young adults are using in abundance. The vision of Predator is making people able to cope with stress by adapting to the environment. Predator sees itself as a social enterprise rather than only a producer of a healthy endurance drink.

Box 1: What is Predator

What is Predator?

Predator products help you to follow your instinct, unlock your fullest potential and love your life to fulfil your purpose.

Predator in six words

Changemakers, disruptive, awareness, healthy, planet and cool

Mission

Our mission is to make people aware of the impact of their behaviour on the environment and make them aware that a consumer has a vote, every time they make a purchase.

Vision

Our vision is making people able to cope with stress by adapting to the environment (adapt; adaptogens). Life is full of obstacles and the best way to deal with them is by acting as a Predator.

Predator is trying to achieve its mission and vision by the use of retail. The founding sisters see retail as a means to get access to the consumer and to give this consumer a voice and a vote with every purchase. With every sale, a donation is directly made to the Predator Protection Plan (PPP): with every sold can, 1-euro cent is transferred to the fund of the PPP. This may seem like a futile amount, but when considering average margins in retail and volume, it is substantial. The ultimate goal of the entrepreneurs of Predator is to use the profit to buy up pieces of land in Africa and thus protect endangered animals. In this way, the ecosystem can be maintained.

The PPP works in alliance with African Parks, a non-profit conservation organisation that takes on the complete responsibility for the rehabilitation and long-term management of national parks in partnership with different African national governments. This body in turn, works together with local communities, who are to a large extent also dependent on nature for their own survival. The PPP takes a holistic approach, so it is aimed at the entire ecosystem in which predators live.

A conversation that Bianca and Natasha had with the minister of commerce of Namibia made them realize that elephants in Namibia put pressure on local communities by destroying agriculture. From a Western perspective, one cannot imagine having to make trade-offs like this. Nevertheless, Predator aims to make a contribution with their PPP and their entrepreneurial spirit to help make a shift from agriculture and (gold and uranium) mining to tourism as a means to provide income to the local communities. Furthermore, they are part of the Social Network, that checks and regulates whether companies act on corporate social responsibility (CSR).

Predator Endurance©

The first product of Predator is a natural endurance drink. Endurance refers to the ability to endure an unpleasant or difficult process or situation without giving way. Predator currently has two natural endurance drinks in their assortment. Predator Gold, which has the taste of Peach and Apple and Predator White, with a taste of blackcurrant and mangosteen. Mangosteen is a fruit that is common in South-East Asia, where it has been used for ages as both nutrition as well as medicine.

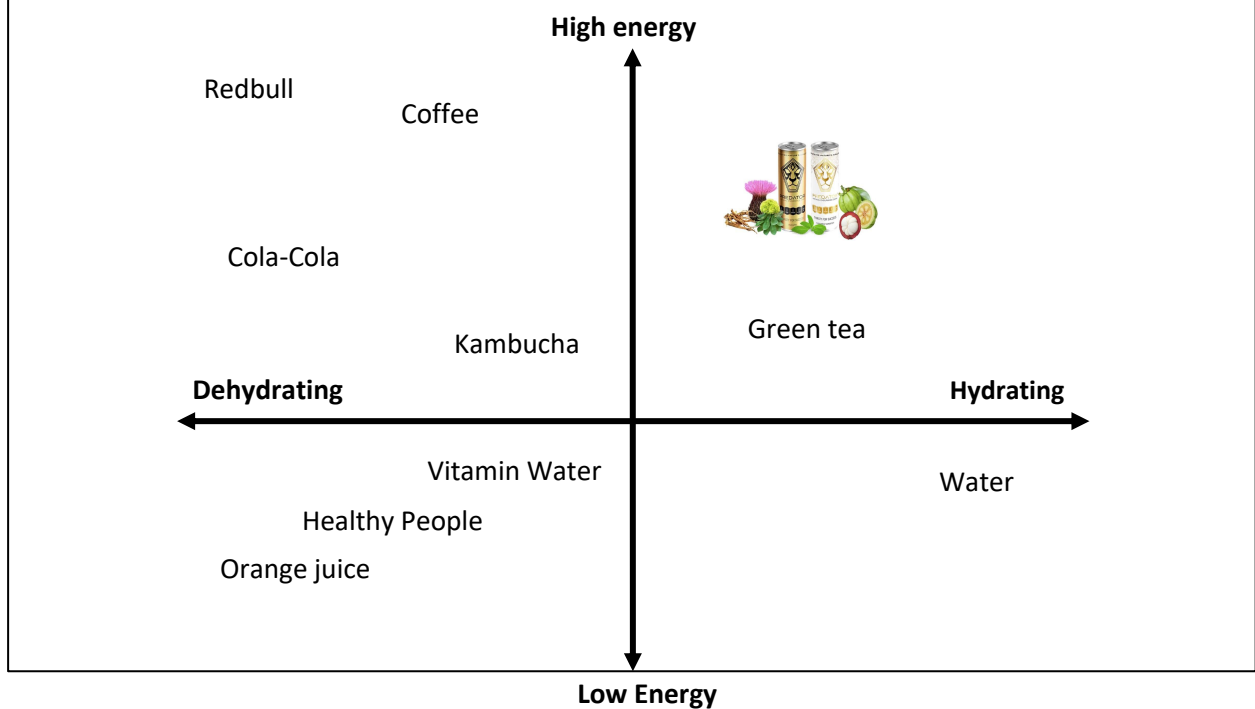
Ingredients

Predator endurance drink consists of sparkling natural mineral water, lemon juice concentrate, natural aromas and aromatic plant extracts, potassium gluconate, magnesium citrate, lycopene and ten different vitamins (vitamin C and B12, among others). In order to sweeten the drink, steviol glycosides (stevia), choline and coenzyme Q10 is used instead of aspartame. Aspartame is deliberately not used as the sweetener as it is seen as a cause for binge eating and cravings as well as digestive problems. This might be explained by the fact that it gives the brain a signal of sweet coming in, while the quantity of calories is close to zero.

Through using organic ingredients, minimally processed ingredients. In other words, the products used are grown, harvested, raised and processed in an ecological manner. The ingredients are perceived as natural gifts from the African jungle.

Predator Endurance is a beverage that is able to give someone sustained energy through its main ingredient: adaptogens. Adaptogens are plants, mushrooms and herbs that stabilize physiological processes (e.g., reducing the cellular sensitivity to stress) in the body and are comparable with super herbs. As a result, your body can adapt better and cope with (the consequences of) stress. Ingredients that are deliberately not included in the Predator drink, are sugar and caffeine.

Box 2: frame of reference(s) and Positioning of Predator



Positioning of the Predator brand

Predator positions itself as the first natural endurance drink that is able to give both sustained energy and rehydration at the same time. Its position relative to its competitors on the dimensions of energy and hydration can be found in box 3. When plotting beverages along the axes of energy and hydration, Red Bull and coffee could be considered as drinks that give a lot of energy. For example, a cup of coffee contains 73 milligram and Coca Cola 33 milligram of caffeine. On the other hand, options such as Vitamin Water and Healthy People are not giving energy, and neither are hydrating because of the amount of sugar that is actually in their products. Options that are actually hydrating but low in energy release are water and tea. Predator plots itself as a brand that is distinctive from other beverages as its able to give long term energy and is hydrating at the same time.

Positioning a brand signals the goal a consumer can achieve by using that brand, the so-called frame of reference for the consumer. Choosing the proper frame of reference is important because it dictates the associations that will function as points of parity and points of difference. Points of *parity* are the characteristics of a brand on which it breaks even with the competitors. These are the aspects of a brand that are no reason not to buy that particular brand in the category in which it is active. Points of *difference* are the associations that distinguish the brand from its direct competitors in the category and are the reasons to buy that particular brand.

"I think it's important that people are aware of the fact that Predator is healthy, that you can just drink it without the consequences of shitty ingredients. At this point in time, the target group is not familiar with adaptogens. This makes it hard to market Predator with a strong focus on the ingredients. Hence, we need to market Predator nowadays on the fact that the drink contains no calories and no sugar but vitamins instead".

Predator's brand image

The main goal of branding is to create mental structures in the head of the customer, that differentiates the brand from its competition. In order to get an insight into what associations (potential) customers have with the Predator brand, an exploratory study was conducted by 37°Celsius Brand Consultancy, among 26 students. Students were shown the Predator can, to trigger associations that come to mind when looking at the visual. The outcome is presented below.



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Therefore, a second study was performed with a similar sample of students, in which Predator was placed in a healthy context, showing the ingredients of the product. When placed in a healthy context, the brand activates associations like “natural”, “healthy”, “fresh”, “vegan” and “herbal” (see image 2). Furthermore, product attributes, like fruit, fruity and light came to mind as well as associations about the target audience. Equally important: most negative associations disappeared or decreased in strength, like chemical, unhealthy and caffeine.

Image 2. The associative network of the Predator brand with health context



These associations are clearly more in line with the brand image that Predator wants to project. The first exposure with no further context needs additional marketing expenditures in order to get the intended positioning communicated and it needs correction of the undesired associations. Hence, Predator is using this design in its marketing communication, for example point of sale displays, as much as possible.

Considerations on brand name and packaging

The brand name Predator and the logo design were developed by the entrepreneurs themselves and chosen in order to make a reference to predators and their character traits.

"Predator is inspired by wildlife. Each animal has specific characteristics to survive, a cheetah has speed, a hawk has focus and survival as a group is a necessity. Every human has its own talents and an 'inner predator' with the perseverance to continue despite setbacks. The Predator Endurance drink improves the human endurance."

Even though the Predator can does not evoke the desired associations, the founders made a deliberate choice to keep the brand name, logo and package design. In order to make healthy look cool, a stylish design was needed. Since a lot of information is mandatory because of food laws, adding the brand message would spoil the slick look and feel. A consequence of the current design of the can is that, at first exposure, it reminds consumers of an energy drink, which changes the frame of reference to competitors such as Red Bull and Monster.

The shelf, retailer and its effect on the brand positioning

Being a start-up, Predator has a small marketing budget and lacks the deep pockets of established companies such as Unilever, Nestle or PepsiCo to build broad brand awareness.

For many potential customers, the first encounter with the brand is likely to be on the shelves of the retailer. When customers come across a new brand, they will try to make sense of it. The entrepreneurs of Predator found out that the control of retailers over retail shelf space exerts power on the positioning of the Predator brand. Customers use reference points to be able to file the brand into their mental library. As a result, being placed next to different kinds of flavoured water has a different effect on the perception of Predator compared to being placed next to high sugar energy drinks. This is supported by the two brand free association tests, which exposed that being positioned in a healthy context exerts a big effect on how the consumer perceives the Predator drink.

Altogether, this means that for a start-up like Predator, the outcome of the negotiations with the retailer about the shelf place, is likely to have an impact on the brand positioning. Especially in the case when there is a lack of marketing communication budget.

Not only the place on the shelf at a specific retailer is likely to determine the positioning in the mind of the consumer, the retailer itself exerts power on the perception of Predator as well. This is due to the fact that retailers are established brands that have had way more time to create a brand image, than the relatively new Predator brand. In other words, by being distributed by a well-known supermarket or retailer, the associations of the supermarket could transfer towards the Predator brand.

Holland & Barrett was the first retailer of choice that adopted Predator in their assortment. As Holland & Barrett is a retail chain focussing on natural products, Predator's own positioning and values are reinforced. Besides being sold in a store that is offering products similar to Predator, the drink is also positioned next to other healthy drinks. This is likely to automatically help the consumer perceive the Predator drink as being a healthy drink, it's desired frame of reference, but also with a cooler appearance than most other packages.

Next to Holland & Barrett, Predator is being distributed by City Spar in the Netherlands. City Spar is a contemporary convenience store, located at city centres and petrol stations. In contrast to Holland & Barrett, the associations that someone might have with City Spar may not be related to health consciousness, but much more to convenience and quick energizers. Hence, an encounter with Predator at the Spar is likely to have a different effect on the perception of the Predator brand than one at Holland & Barrett.

In addition, City Spar whom also adopted Predator in their assortment, proved to be challenging to cooperate with being a start-up with a relatively small budget. Even though retailers tend to expand their offerings of healthy products, the City Spar way of thinking turned out to be very traditional, especially when it comes to expectations towards Predator to promote their own product. An example is the in-store promotions at retailers, where a discount is given in order to bring the product under the attention (two Predators for €3,00 instead of €3,50).

Nevertheless, Predator has to pay the retailer for these kinds of promotions; these are investments that many start-ups often cannot afford. Price promotion is seen as a common approach to raise awareness for new products. This could be a pitfall for a premium brand like Predator, since promotions put pressure on the sales margin and involve the risk that a premium brand will not be perceived as being premium anymore. In the case of Predator, a deliberate choice was therefore made not to cooperate with discounters such as Kruidvat: A Dutch drugstore retail chain, known for its price promotions.

Promotion

The tools that Predator is using to get the Predator brand under the attention are sampling and social media.

First, the entrepreneurs use sampling as a tool to promote Predator Endurance. Sampling is found to be efficient in getting more in depth information about the Predator brand across. It gives the opportunity to make people taste the product as well as be more aware of the mission and vision of Predator. The story of Predator is very rich, so different parts of the brand and its products can be seeded into the market during these samplings.



Second, social media is used as a tool to communicate the characteristics of the product as well as the brand and its activities. Instagram, with over 20K followers, is used as a tool to get more product information and the story behind the brand across. Facebook is mostly used to spread the vision of Predator, other than only product information. The Facebook page Drink Predator has 3,8K followers, which is substantial for a small enterprise. Predator welcomes critical questions as much as likes and shares, since they see this as a means to educate their followers and critics on their beliefs and values. They stimulate discussion and answer all questions to raise awareness for a healthy lifestyle. The description @joinourtribe on Facebook is deliberately chosen to start a movement rather than just a group of customers.

Strengthen the positioning of Predator by the use of ancillary activities

Secondary associations are the associations that are associations linked to other entities that have their own associative network, for example events, people and other brands. Because of this linkage, consumers may assume or infer that some of the associations that characterise the other entities may also be true for the brand. When the entrepreneurs are linked to the start-up Predator in the mind of the consumer, association transfer occurs.

Natasha and Bianca are passionate representatives of what their company promises. The founders of the start-up Predator have laid a clear foundation for developing a corporate identity by expressing and following their thoughts, feelings or ideas. The entrepreneurs of Predator spread the word as enthusiastic representatives of the brand at different kind of events, with as main goal to develop brand awareness and spread their message:

“Everyone close to us know how committed we are to continue our mission to wake people up, one zip at the time. Politicians set goals, but we as people find solutions, create better ways and prove to them that together we can solve big challenges. Goals are achieved in times of stress, what 2030 needs is people who act, not by blaming but by claiming goals to act!”.

In order to raise awareness for the brand as well as awareness of the discomfort that high levels caffeine and sugar could exert, Bianca and Natasha started a Predator education programme. With this education programme, information is mainly given on high schools, where a substantial part of the youth is used to drinks containing high levels of caffeine. The information is focussed on the disadvantages of caffeine in energy drinks and the advantages of Predator. Currently, Predator is offering the education programmes to “De Rooie Pannen” and “ROC Den Haag”. De Rooie Pannen offers pre-vocational and intermediate vocational education in the field of trade, design and marketing & events in Tilburg, Eindhoven and Breda.

“Change starts with youth, that’s why our Predator Youth Program provides education and research projects in schools about sugar, caffeine and sustainability.”

Internationalisation strategy

Predator has serious intentions to expand outside the Dutch market. In the United States, [Gelson’s](#), located in Los Angeles, was the first to show interest in selling Predator in their supermarkets. After being part of a symposium at the United Nations and a speed-date event with retailers held in Paris, potential retailers were added to the list of interested parties. As a result, Bianca and Natasha were immediately in conversation with retailers in the US with over 200 stores selling throughout the country.

For their International pricing strategy Predator has chosen differentiated pricing. In the US, for example, Predator is sold at \$2,99 compared to €1,79 at Holland&Barrett in the Netherlands (\$2,04). The higher price in the US is possible because of its large health conscious market. Another benefit on entering the US market is that US-retailers demand less margin than EU-retailers. However, US retailers also demand a substantial contribution in marketing communication and media budget.

Besides the United States, Bianca and Natasha are also looking for expansion opportunities in Asia. An interesting challenge in expanding into Asia is that local tastes are different. The taste of both Predator Gold and Predator White is one that fits the Dutch consumer but is perceived as quite bitter in Asia. In order to get it all up and running, Predator is currently exploring its options to make adjustments in the composition of the product towards a sweeter taste in order to make it fit with the Asian market.

Although Predator supports the preservation of nature in general and predators in particular, no plans are made yet to enter the African market. Predator considers it to be a challenge to serve the whole population with a rather upmarket product, that is yet to be solved.

Predator expects to at least triple its turnover in the coming year. The aim is to hire more salespersons to cover new geographic markets as well as the Netherlands. In addition, from a logistics point of view, storage space need to be hired in the countries where Predator will become available. The production will still be carried out by the current manufacturer in Austria, since it is still the only manufacturer that meets the requirements for the production of the drinks – such as the willingness to mix a high number of ingredients and produce in relatively small batches. To support these growth ambitions where costs are involved, the entrepreneurs are planning for a new investment round.

With the entrepreneurial spirit of the founders of Predator and their ability to adapt to as well as shape market dynamics, it is anticipated that change is the only stable factor.

Acknowledgements

Writing a case has similarities with entrepreneurship itself. It has been a rollercoaster with ups and downs, uncertainties and lots of wow moments. We are indebted to the founders of Predator, Bianca and Natasha de Jong, who relentlessly answered our questions openly and directly. Furthermore, this case would not have seen the dawn of light without the coaching and sharpening of Dr. Joris Ebbers, Associate Professor Entrepreneurship and Innovation at University of Amsterdam