

DANISH CONFECTIONERY

LAKRIDS<sup>BY</sup> BÜLOW

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# Management letter

*Dear students,*

I am pleased to announce LAKRIDS BY BÜLOW as the final case company for the 2022 CBS Case Academy.

At LAKRIDS BY BÜLOW we are on a mission and growth journey to ‘Make the World Love Liquorice’. We know that it is rather ambitious - some might say silly - and the challenge is only made greater by the fact that most people around the world think they hate liquorice! Still, we believe that we have something unique to offer, and it is our experience that once people taste our products, they are convinced. Some of them even become Lakrids Lovers. The sheer surprise of their own conversion makes them come back for more - and share it with someone else who think they hate it.

Within recent years, our growth has been driven primarily through our direct-to-consumer channels and our international expansion. Thus, we have grown our international revenue share from roughly 30% in 2016 to about 60% of revenue in 2021, with Germany on the verge of becoming our biggest market surpassing Denmark in 2022.

The next people we want to convince are the Brits! More specifically, the Londoners, and we know them to be tough to convince about most things. Nevertheless, as part of our 2025 strategy, we have set a target to secure 25 mDKK in revenue from the UK market, focusing specifically on the London cluster.

Our online traction is growing, we already have some significant wholesalers like Harrods, Fenwick and Harvey Nichols, and we recently opened our first own concession in Selfridges with more own retail stores in the pipeline!

However, our brand awareness is still low (~4%), and we need to grow our community and grow with our community. Today we already have more than 50.000 email subscribers, and +3.000 Lakrids Lovers in the UK. However, we need to focus our channel mix and rethink our investment split between acquisition and retention based on the market situation for LAKRIDS BY BÜLOW in London.

Our question for you today is therefore: How can LAKRIDS BY BÜLOW strengthen UK D2C and wholesale, achieving 25mDKK in revenue from these channels by 2026?

Our venture into this market is still young, and the strategy not complete. Therefore, the solutions and suggestions you come up with today, may very well become central for our go-to-market strategy in the UK! We are incredibly excited to see what you come up with!

Thank you very much in advance for your time and dedication.

*The best of luck!*



 **Martin Lyngaa Simonsen**  
Chief Commercial Officer

# Welcome and introduction

Congratulations once again on being selected for Case Academy 2022! We hope that you have found it to be as much of an experience as the partner representatives and organising team has, and that we have supplied you with a thorough understanding of case solving.

The following case materials have been developed to give you an idea of Lakrids by Bülow's (LBB's) scale of operations, and their strengthened focus on new market opportunities, allowing you to craft your solutions for the Case Academy Final.

Lakrids by Bülow was founded in 2007 as a small-scale liquorice producer, based on sound business values and decisions. The initial focus was on broadening the love of artisanal liquorice products, but over the last few years, LBB has experienced tremendous growth within liquorice, and developed the capabilities of a truly international confectionery manufacturer and retailer. Seeking to build on prior success, LBB is now seeking to intensify their presence in certain key markets, most pressingly the UK.

To sustain prior growth, LBB has undergone several changes in strategy and organisational structure to better navigate international environments. Following years of making preparatory investments in the UK, LBB is now ready to launch a new go-to-market strategy, building on the initial foothold in the market. LBB envisions that such a strategy should build on their proven strategy and the market conditions of the UK.

LBB further seeks to focus on the direct-to-consumer segment of their business, as this provides the greatest opportunity for LBB to directly and genuinely interact with their growing UK customer base.

Over the coming years, the market for confectionery is projected to grow significantly, and with a uniquely diversified product offering, LBB is adamant on capturing a share of this growth, a step in realising a future where Lakrids Lovers can be found in all global markets. To solve this case, Lakrids By Bülow asks you to answer the following question:

## “How can Lakrids By Bülow strengthen UK D2C and wholesale segments, achieving 25mDKK in revenue from these channels by 2026?”

Your team should develop a recommendation capable of supporting Lakrids By Bülow in their next phase of growth. The recommendation should be scalable across the UK market, for LBB to achieve their growth targets. This case will require innovative thinking, and to create a winning proposal you must produce a feasible business case in line with Lakrids By Bülow's values, ambitions, and current strategy.

We wish you the best of luck, and happy case solving!

In your solutions, Lakrids by Bülow asks that you likewise consider the following sub-questions:

1. Which channels should LBB activate to ensure that especially growth in the London cluster is accelerated?
2. How does LBB ensure that the new go-to-market strategy ensures optimal synergies between the respective D2C and wholesale channels in the London cluster?
3. How does the proposed strategy fit with the UK consumer, and the confectionery market characteristics?



# Since its founding, Lakrids By Bülow has continued to build on its heritage of quality

2008

## FIRST FACTORY

Johan bought a liquorice machine and installed it in a factory he had rented in Taastrup. In that way he could increase his volume in order to meet the growing demand for his product.

It was also in the Taastrup factory that the legendary product lines; NO.1, NO.2, NO.3 and NO.4 were created

2017-TODAY

## INTERNATIONAL ACCELERATION

Over time, LBB has matured significantly as a company. The current CEO Fredrik R. Nilsson was brought on, and the first physical stores outside of Europe have been opened.

LBB also relaunched its e-commerce platform and is now primed for the future.



2007

## FIRST PRODUCT

On 07/07/07 the first Lakrids by Johan Bülow store opened in Svaneke, on the small Danish island of Bornholm. Initially the liquorice was produced directly in the store so that visitors would smell it all around the city.

The store was a great success and sold out within two hours. The last customer even bought the samples placed on the counter.

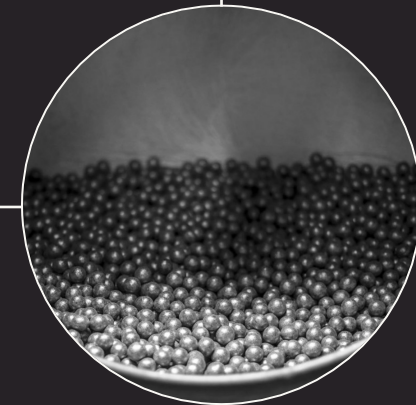


2011-2016

## NORDIC EXPANSION

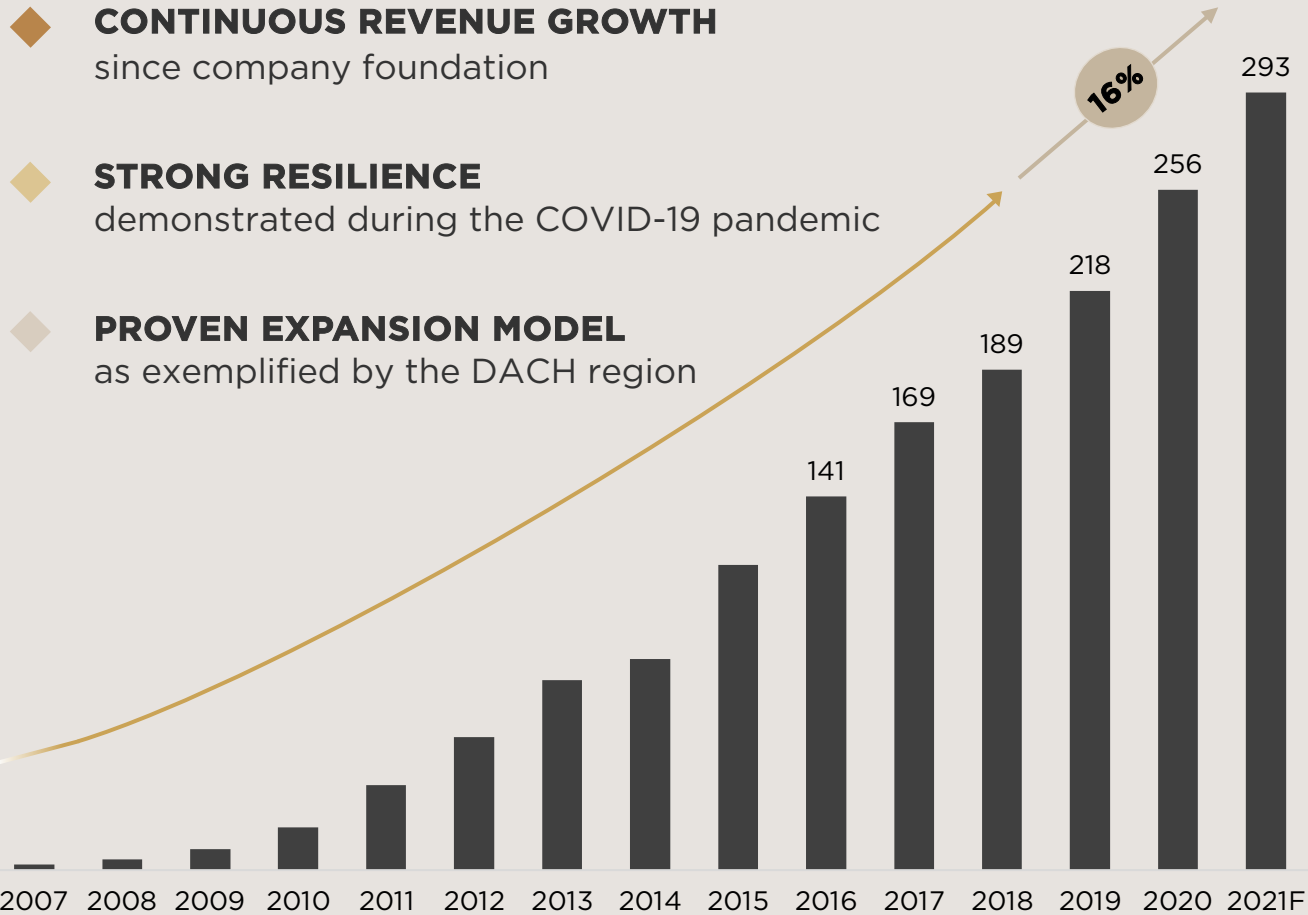
In this period, LBB launched their very first limited edition jar with great success. It also marked a period of rapid Nordic roll-out across Sweden and Norway.

Valedo, a private equity company focusing on active ownership, also took an ownership position in LBB.



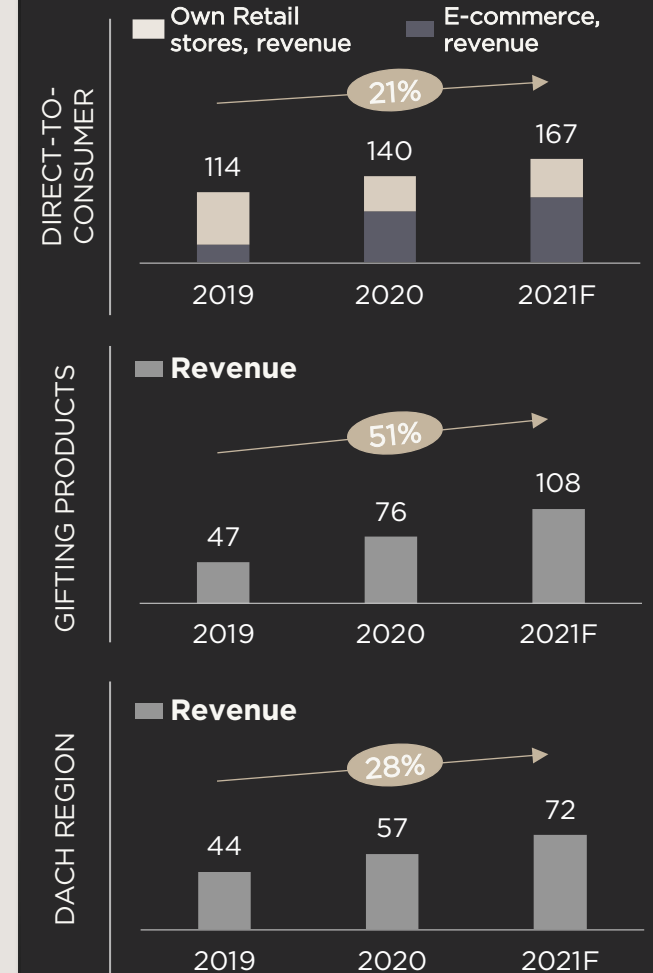
# Historic growth is driven by an emphasis on D2C, shifting trends, and increased penetration in focus markets

GROUP REVENUE (MDKK)

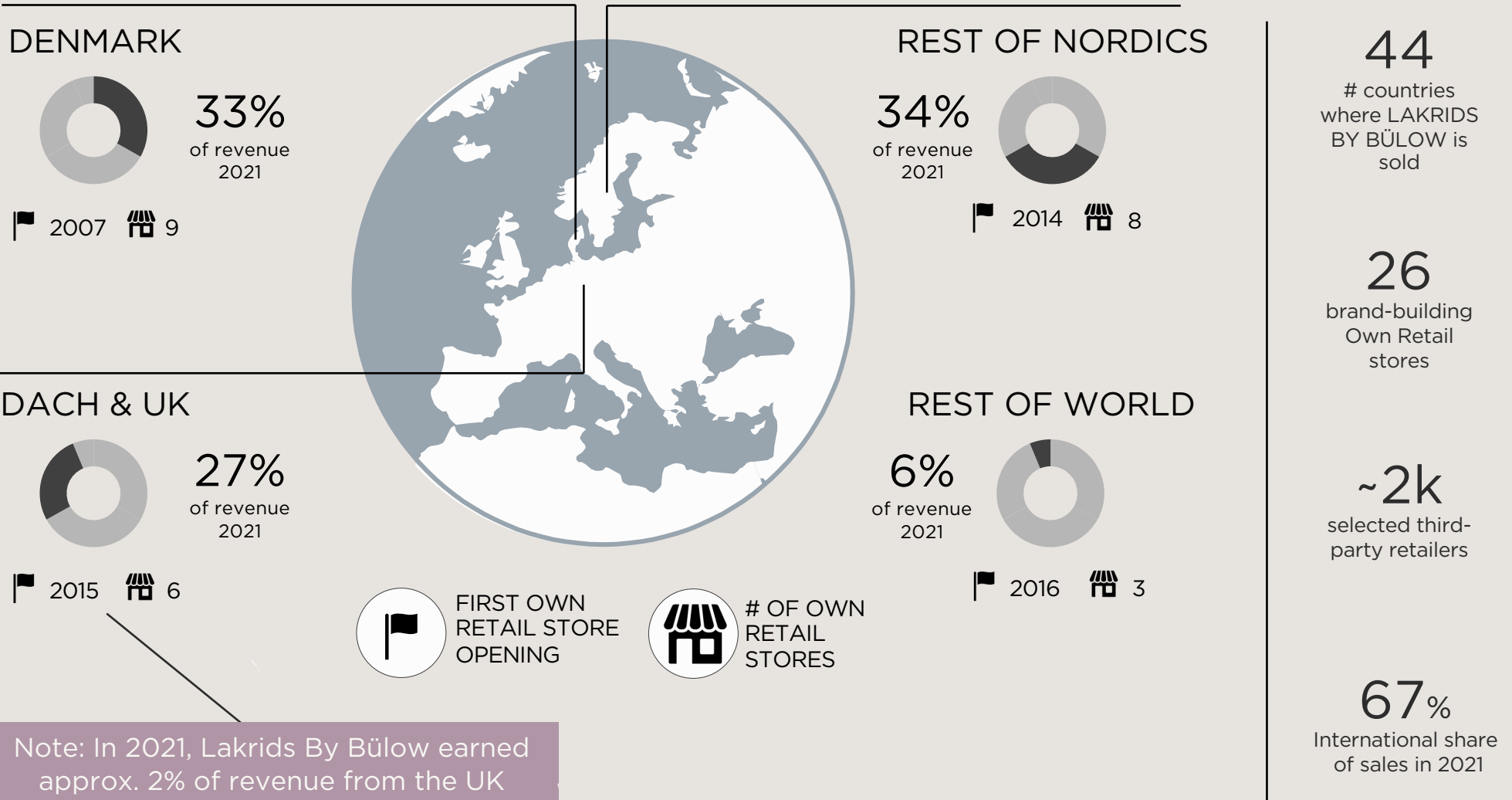


- ◆ **CONTINUOUS REVENUE GROWTH**  
since company foundation
- ◆ **STRONG RESILIENCE**  
demonstrated during the COVID-19 pandemic
- ◆ **PROVEN EXPANSION MODEL**  
as exemplified by the DACH region

GROWTH DRIVERS (MDKK)



# The geography of LBB's revenues is diversified, with three main regions standing out



# Lakrids by Bülow makes delicious gourmet liquorice confectionery with several different flavour combinations

## THE LETTERS COLLECTION CHOCOLATE COVERED LIQUORICE

DKK 65



Small - 125 grammes

DKK 125



Regular - 295 grammes

DKK 225



Large - 550 grammes

## SELECTION BOXES

DKK 275



375 grammes

## BLACK BOXES COMBINATIONS OF CLASSICS

DKK 250

DKK 500



1,140 grammes



590 grammes

DKK 185



445 grammes

## NUMBERS COLLECTION PURE LIQUORICE

DKK 65



Small - 125 grammes

## CHARACTERISTICS

- ◆ Minimalist Nordic design
- ◆ Easily identifiable logo
- ◆ Premium quality packaging
- ◆ Big product assortment

## ADDITIONAL PRODUCTS

- ◆ Seasonal product variations
- ◆ Premium liquorice Spirits
- ◆ Pure liquorice sticks for chefs
- ◆ Test-products for "Lakrids Lovers"



## THE PERMANENT COLLECTION



The Permanent Collection consists of classic products that define and preserve the essence of our brand and adds to the long-

term customer loyalty by offering products that customers find familiar.



## LIMITED EDITIONS



Seasonal Limited Editions consist of new flavours and consumer favourites among previously launched flavours that captivate consumer interest on a seasonal basis (e.g. Valentines Day, Easter, Christmas).

Limited editions strengthen the consumer brand awareness and ensures customer engagement and dialogue. Selected limited editions are tested and developed together with our customer community ahead of seasonal launches.

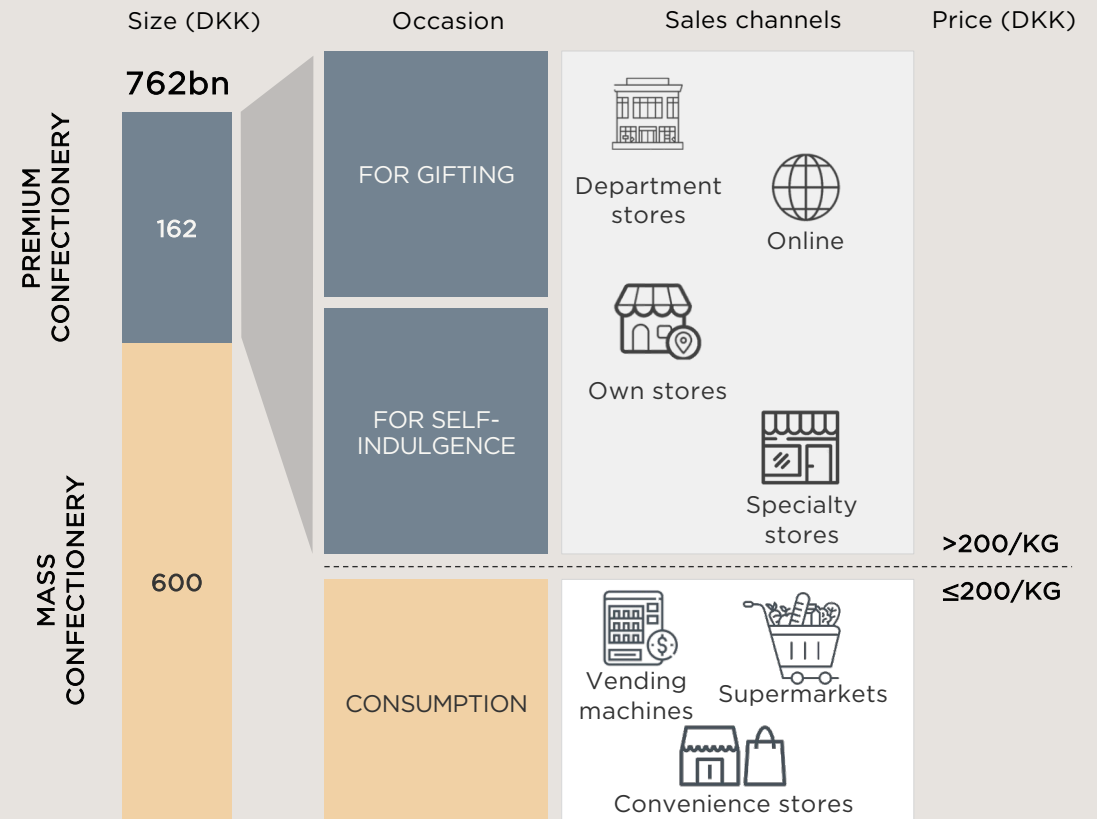


# The global confectionery market is split into premium and mass market, where LBB is a premium manufacturer

GLOBAL CONFECTIONERY MARKET BY GEOGRAPHY

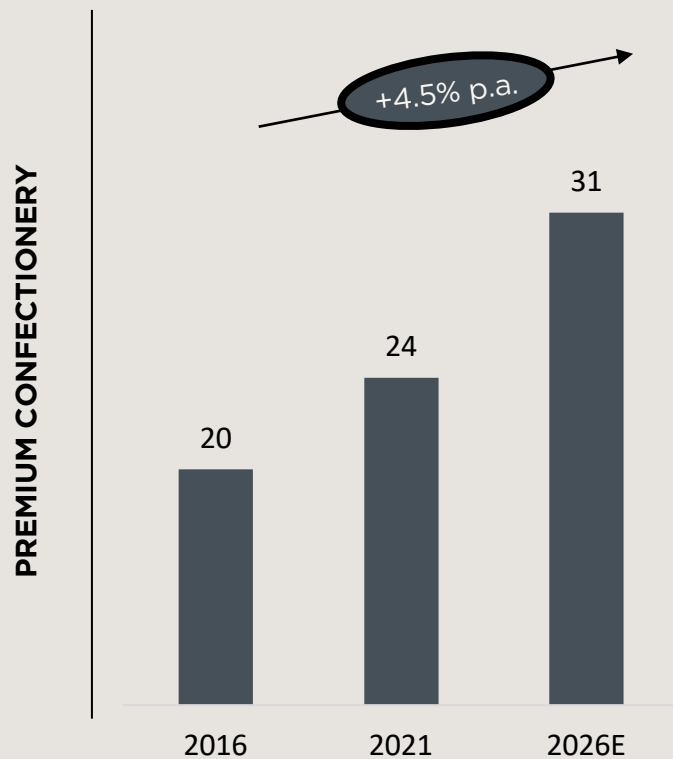


SEGMENTATION OF THE GLOBAL CONFECTIONERY MARKET



# Within the premium segment, three consumer trends are significantly changing how liquorice is purchased

## SIZE AND GROWTH - FOCUS MARKETS (DKKb)



## KEY CONSUMER TRENDS TO NOTE



### HEALTH AND WELLNESS

- ◆ Shift towards 'less is better'
- ◆ Growing interest in natural ingredients and products free of additives

**>90%**  
of consumers state a constant or increasing importance of natural ingredients



### APPRECIATION FOR QUALITY

- ◆ Increasing awareness of taste differentiations between standard and premium products
- ◆ Demand for rich tastes and experimental flavour combinations

**>80%**  
find that appealing product presentation is as important or more important than 3 to 5 years ago



### INCREASINGLY SEEN AS GO-TO FOR GIFTING

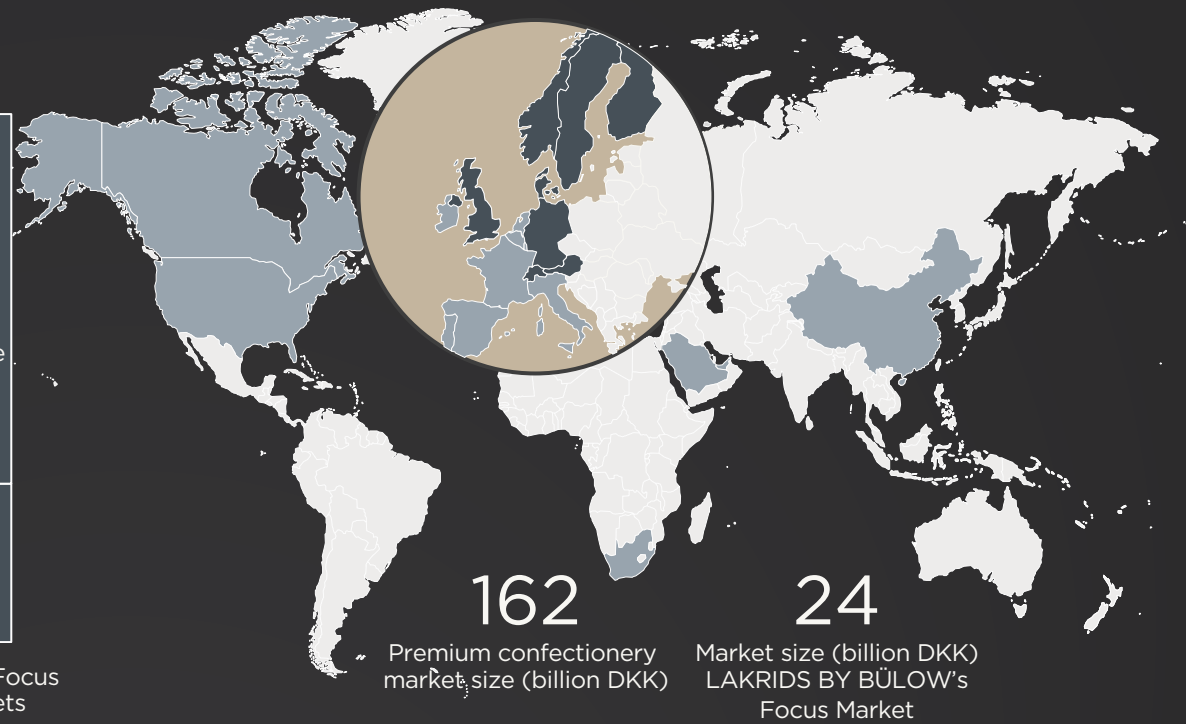
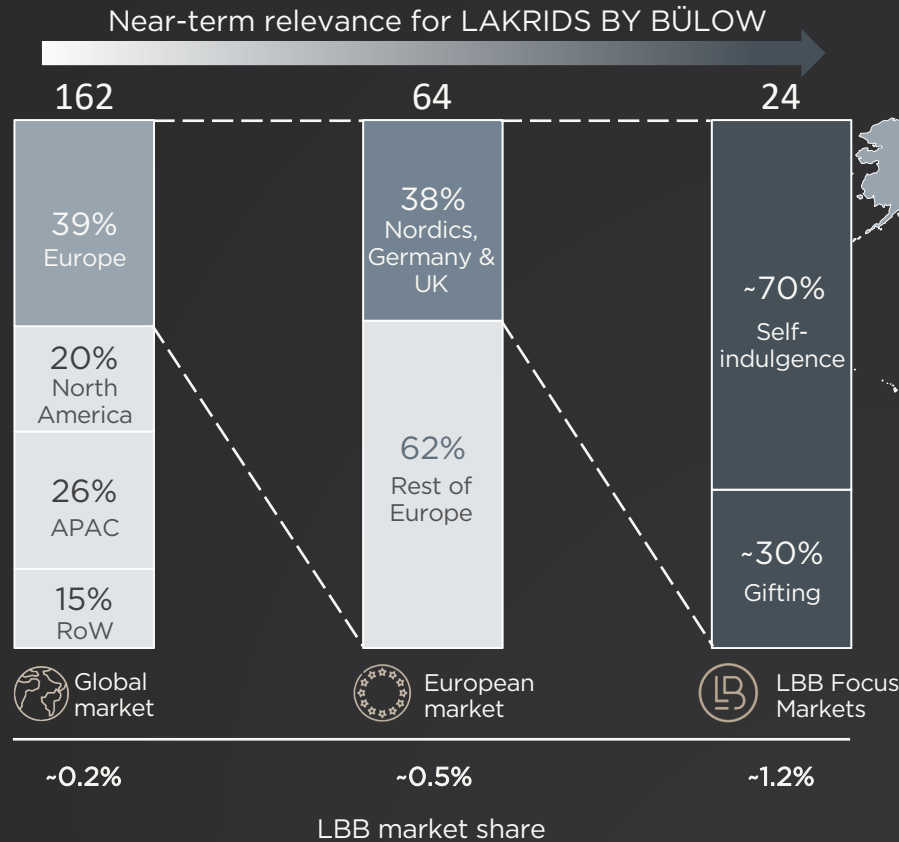
- ◆ Consumers seek 'the perfect unboxing moment'
- ◆ Trend towards authentic gift products surrounded by a story

**>45%**  
indicate gift suitability is among the most important attributes

# LBB's focus markets present significant growth potential beyond the existing presence

PREMIUM CONFECTIONERY MARKET SIZE (BILLION DKK)

GEOGRAPHICAL MARKET OVERVIEW



■ Current Focus Markets    ■ Selected mid- to long-term market opportunities

# LBB is positioned in the sweet spot between indulgence and gifting

## LAKRIDS BY BÜLOW PRODUCTS...

### SELF-INDULGENCE



~70%  
Self-indulgence share of Focus Markets



~50%  
Share of sales  
**LAKRIDS BY BÜLOW**

- ✓ Sensorial experiences
- ✓ Easy to share
- ✓ Resealable packaging

### GIFTING

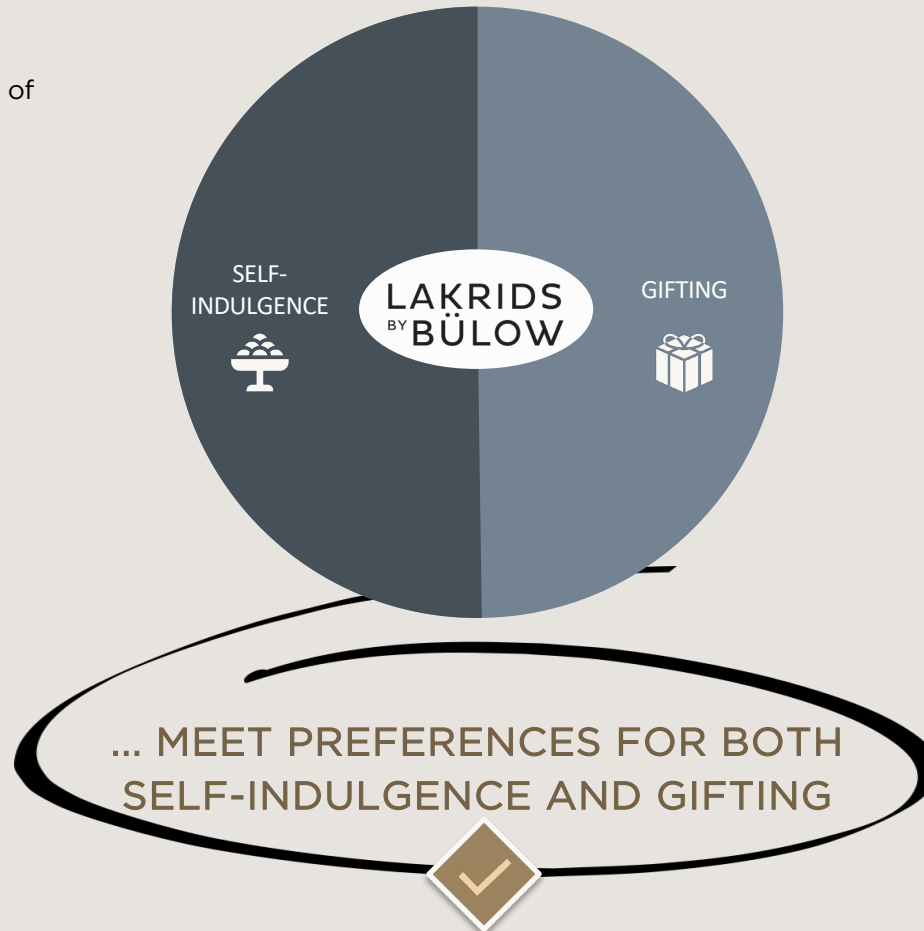


~30%  
Gifting share of Focus Markets



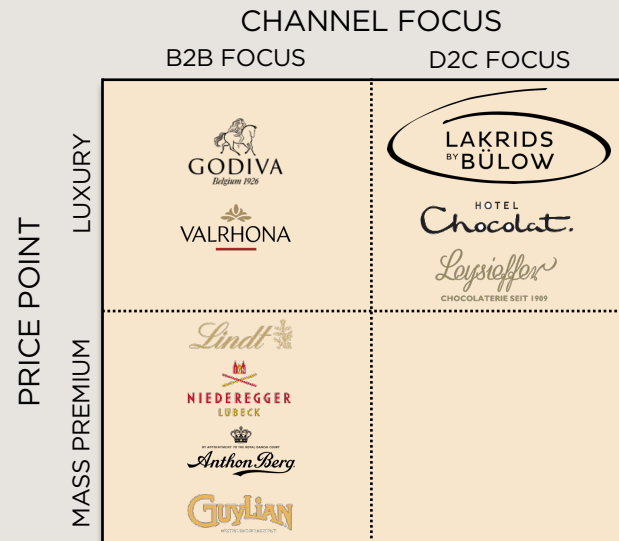
~50%  
Share of sales  
**LAKRIDS BY BÜLOW**

- ✓ Luxury price point
- ✓ Beautiful packaging design
- ✓ Gift box assortment



# LBB is also perceived to be strongly differentiated from competitors, making for a unique positioning in the UK

## OVERVIEW OF THE COMPETITIVE LANDSCAPE

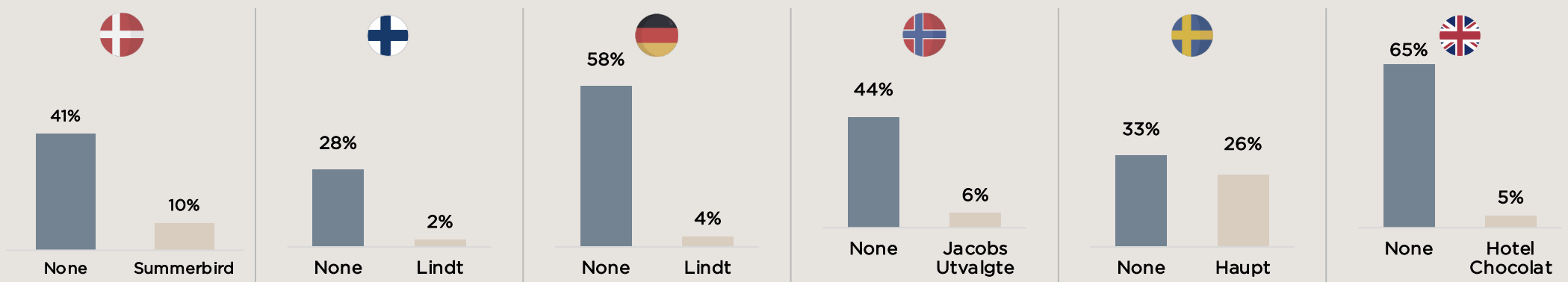


## KEY ATTRIBUTES ASCRIBED TO LAKRIDS BY BÜLOW

- HIGH-QUALITY CONCEPT
- RICH TASTE
- SUITABLE AS A GIFT

## FEW BRANDS ARE CONSIDERED COMPARABLE TO LAKRIDS BY BÜLOW ACROSS FOCUS MARKETS

CUSTOMER SURVEY: "WHAT OTHER BRANDS DO YOU CONSIDER AS AN ALTERNATIVE WHEN PURCHASING LAKRIDS BY BÜLOW PRODUCTS?". TOP 2 ANSWERS



# Unique in-house production creates a seamless Idea-to-product process



- ◆ Products are **developed in-house** in the 'LAKRIDS BY BÜLOW CREATIVE LAB'
- ◆ **Well-established strategy** for the development of new Limited Editions
- ◆ LBB continually **gains feedback** on the product portfolio through a part of their community called the "Lakrids Lovers"
- ◆ This ensures that the most passionate LBB consumers, the Lakrids Lovers, **feel valued and included** in the brand story

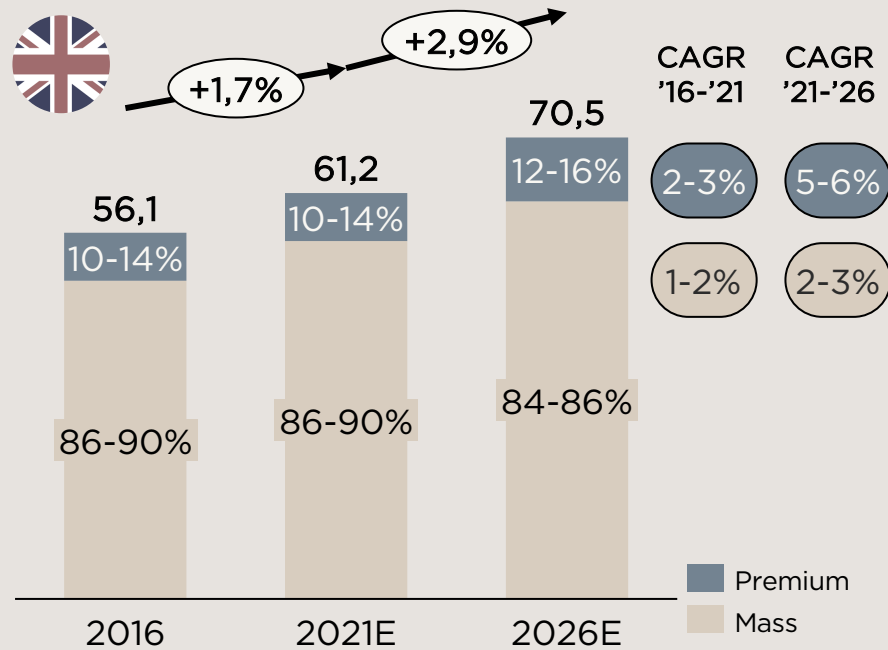
# LBB in the United Kingdom

In this section we will elaborate on the development of the confectionary market in the UK and why it is one of the most promising sources of future growth. We also investigate the strategic issues that LBB needs to overcome in order to chose the next relevant course of actions.

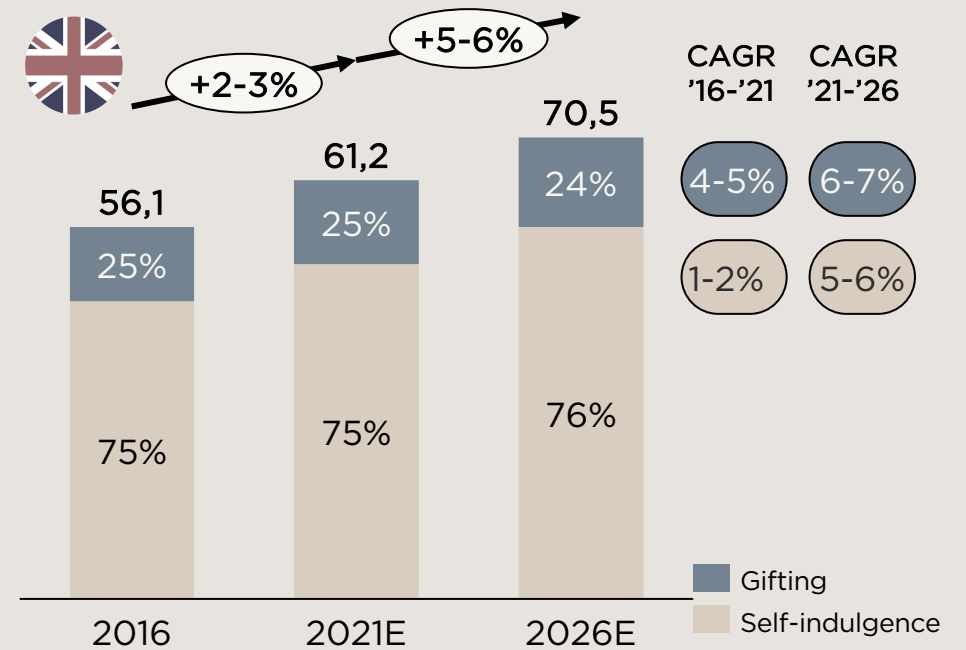


# Superior growth of the premium and gifting segments poses an opportunity for Lakrids By Bülow in the UK

PREMIUM VS. MASS CONFECTIONERY MARKET GROWTH [DKKB]



GIFTING VS. SELF-INDULGENCE MARKET GROWTH [DKKB]



# However, despite clear growth prospects, four problems stand in the way of LBB in the UK

## RELATIVE UK CONFECTIONERY MARKET SHARES

| COMPETING BRAND                                     | PREMIUM/ MASS | RELATIVE MARKET SHARE |
|---|---------------|-----------------------|
| <br>Lindt<br>MASTER CHOCOLATIER<br>SINCE 1845       | PREMIUM       | 52-56%                |
| <br>HOTEL<br>Chocolat.                              | MASS          | 22-26%                |
| <br>GODIVA<br>Belgium 1926                          | PREMIUM       | 6-10%                 |
| <br>Charbonnel<br>et Walker                         | MASS          | 0-4%                  |
| <br>ROCOCO<br>Chocolates<br>LONDON LUXURY EST. 1983 | MASS          | 0-4%                  |

## ESSENTIAL ISSUES FOR LBB TO OVERCOME



### LOW BRAND AWARENESS

As seen in the appendix, current awareness in the UK is low. A targeted plan must be developed to ensure LBB has the right positioning in the mind of the consumers



### EXPANDING AND MONETIZING A LBB COMMUNITY IN LONDON

The opportunity to build a strong community is key to accelerate growth and balance ROMI



### CREATING A CLUSTER EFFECT

LBB must create synergy between its own channels (Retail and online) as well as through partner channels (wholesale)



### NAVIGATING UNFAMILIARITY AND TASTE PREFERENCES

UK liquorice consumption is very different to the Nordics. This new taste palette must be properly introduced

# insights that pertain to UK consumers particularly, must be considered in the final choice of solution

## UK market

Data shows how the self-indulgence market in the UK is on its rise and is expected to grow even faster in the coming years. This trend was fueled even quicker by the Covid-19 pandemic where consumers spend more time at home with an increased health consciousness resulting in a 'less but better attitude'. While the habit of 'less but better' seems to stick post the pandemic, a rebound in the frequency of social interaction and time spent together resulting in a backlog of gift giving occasions has brought the gifting market back to speed.

## LBB consumer insights

A survey among LBB customers show how Online is seen as providing a strong customer experience even though 75% of online customers have first bought the product via an offline channel initially. Among the LBB community, a survey shows how 40% of respondents answered that their latest purchase of LBB products was bought as a gift. Given period of when the survey was conducted, LBB believes it is likely that 50% of consumption relates to gifting.

Generally, LBB is targeted towards higher income groups. Data shows that 70% of customers are older than 35 and 40% have an average income of above 600.000 DKK, with only insignificant differences between male and female customers. .

92%

of UK consumers indicate 'rich taste' as the most important attribute of confectionary products

31%

of UK consumers indicate 'low price' as the most important attribute of confectionary products

+30%

of consumers belonging to 'Gen X' and 'Boomers' claim to typically purchase confectionary online (2021)

"The self-indulgence market is hard to enter as a mass premium brand due to the many established players, high competition and low margins. Also, there is a risk to be mixed up with mass market brands"

MANAGING DIRECTOR  
HUSSEL

"LBB is not like other pure self-indulgence players, it is a very strong premium brand perceived as high-end among consumers. LBB can leverage its personal brand story in the gifting segment, and capture indulgence volumes"

FORMER MARKETING DIRECTOR  
TOMS



# LBB has invested significantly in overcoming the barriers that arise in the customer journey of UK consumers

## LBB marketing funnel

Through a carefully planned online marketing strategy, LBB intends to conquer the UK e-commerce market. Through a funnel of five steps, LBB optimises ad texts and creatives towards triggering a purchase by highlighting key selling points and brand values.

## Data driven marketing approach

The data driven approach of the marketing flow allows for LBBs' marketers to tailor and tie specific messages to specific actions. As such, website visitors displaying curiosity will be encouraged to sign up to the newsletter, and visitors who abandoned their shopping cart will be encouraged to complete their purchase.

## Overcoming the taste barrier

Data points to UK market for premium confectionary being underdeveloped due to current low understanding of premium benefits among UK consumers. As such, LBB's UK marketing funnel is specifically designed to overcome UK consumers' barrier to first purchase decision.

## TARGETED MARKETING THROUGHOUT THE PHASES OF THE CUSTOMER JOURNEY

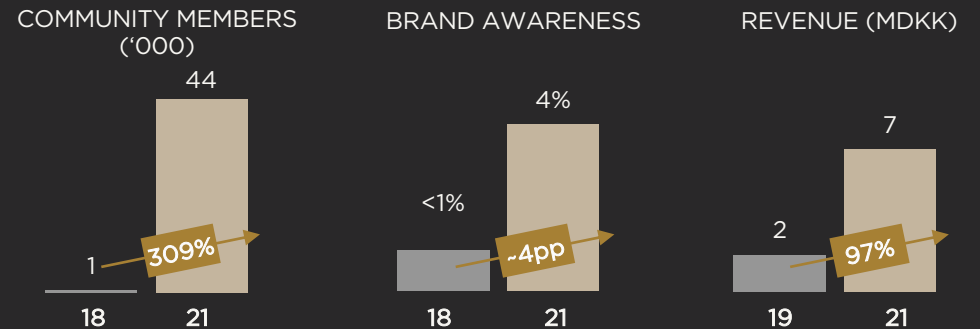
|                    | STEP 1<br>Broad/awareness   | STEP 2<br>Remarketing/consideration   | STEP 3<br>Remarketing/purchase  | STEP 4<br>Retention/re-activation   |
|--------------------|---|---|---|---|
| AUDIENCE           | <ul style="list-style-type: none"> <li>New to brand</li> <li>Look-a-like audience</li> <li>Target demographics</li> </ul> | <ul style="list-style-type: none"> <li>Social/ads engagement</li> <li>Visited front page</li> <li>Visited blog pages</li> </ul> | <ul style="list-style-type: none"> <li>Heavy engagement</li> <li>Visited product list/pages</li> <li>Add to cart/abandoned</li> </ul> | <ul style="list-style-type: none"> <li>Post-purchase</li> </ul>   |
| THOUGHTS           | <ul style="list-style-type: none"> <li>Do I even like liquorice?</li> </ul>   | <ul style="list-style-type: none"> <li>Interesting/cool brand</li> <li>What are the gift options?</li> </ul>                    | <ul style="list-style-type: none"> <li>This taste sounds nice</li> <li>Shipping is probably expensive?</li> </ul>                     | <ul style="list-style-type: none"> <li>Limited Editions are only available for a short time?</li> </ul> |
| AD MESSAGE EXAMPLE | <ul style="list-style-type: none"> <li>LAKRIDS BY BÜLOW is all about sharing and giving!</li> </ul>                       | <ul style="list-style-type: none"> <li>Order now and get free shipping!</li> </ul>  | <ul style="list-style-type: none"> <li>Get free shipping and a complimentary product!</li> </ul>                                      | <ul style="list-style-type: none"> <li>Available for a limited time only!</li> </ul>                    |
| MARKETING PURPOSE  | <ul style="list-style-type: none"> <li>Build awareness and get people curious</li> </ul>                                  | <ul style="list-style-type: none"> <li>Focus attention towards relevant products/services</li> </ul>                            | <ul style="list-style-type: none"> <li>Support purchase decision</li> <li>Convey urgency, scarcity and time constraints</li> </ul>    | <ul style="list-style-type: none"> <li>Re-activation or retention of previous customers</li> </ul>      |

# While LBB has taken the first steps in the UK, it is now time to reassess and plan the future course of action

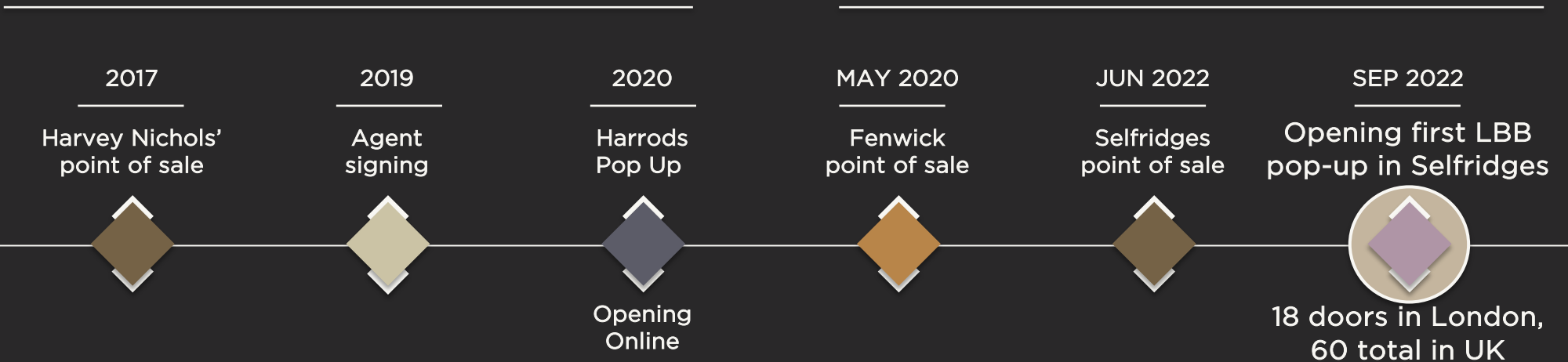
Lakrids By Bülow's operations are continuously being developed in the UK. However, the current operations in place have largely been established by grasping valuable opportunities as they have presented themselves, rather than following a deliberate approach. It is now time for LBB to build on the initial touchpoints, and expand the UK presence in a targeted manner.

It will be up to your team to propose an actual plan for how Lakrids By Bülow should proceed towards the next step of their growth journey, considering all the applicable channels within the D2C and wholesale segments, and how they intersect.

## BRIDGEHEAD INTO THE UK MARKET ESTABLISHED



## NEXT STEPS: YOUR SOLUTION



# The strategy of LBB

In this section we will elaborate on the strategic direction that Lakrids By Bülow is currently pursuing and expand on the various access points with consumers that must be leveraged in the UK.

In the following, we will take you through LBB's approach to e-commerce, own-store retail, and the valuable Lakrids Lovers community.

# D2C-led profitable growth through focus on communities

Now that you have an understanding of the market in which LBB operates, and a general understanding of the consumer characteristics applicable to the UK consumers, we will go in further depth with the various channels that Lakrids By Bülow brings into play, to succeed across their country markets.

## Changing channels

With the technological development of the last decades, the way in which consumers purchase products and interact with brands have shifted significantly. Successful retailers cannot rely on one single channel any longer, but must carefully rethink product, place, promotion, and price for each applicable market.

Generally, LBB employs a blended channel strategy when planning their go-to-market initiatives. This involves combining the various options for customer engagement, based on the depth of penetration in each market, and the recognition of their brand and products. The organisational restructuring was a key step in improving the channel strategy of LBB, ensuring greater coherence between the forms of consumer interaction.

## D2C and B2B

Across all their markets of operation, LBB follows a blended channel strategy, focusing on both the direct-to-consumer and business-to-business sales channels. D2C is comprised of LBB's e-commerce capabilities, and their network of curated gourmet liquorice stores present in many markets. The Lakrids Lovers, a passionate community of core customers, is also included here. Within the B2B channel, LBB maintains corporate partnerships, and pursues third-party wholesale opportunities.

This choice of channels allows LBB to both interact with their direct customers through targeted branding campaigns, while also tapping into revenue from new customers, as they are exposed to LBB products at third-party retailers, and corporate partners.



# E-commerce at LBB

The e-commerce channel of LBB is one of the most significant access points. In 2021, e-commerce sales amounted to 106 mDKK, equivalent to 36% of the total revenues of LBB. It is also one of the most rapidly growing sales channels, with a cumulative aggregate growth rate of 90% between 2019 and 2021. This shows that the importance of e-commerce must not be disregarded and should be considered in any solution meant to drive growth in the D2C segment.

## The LBB website

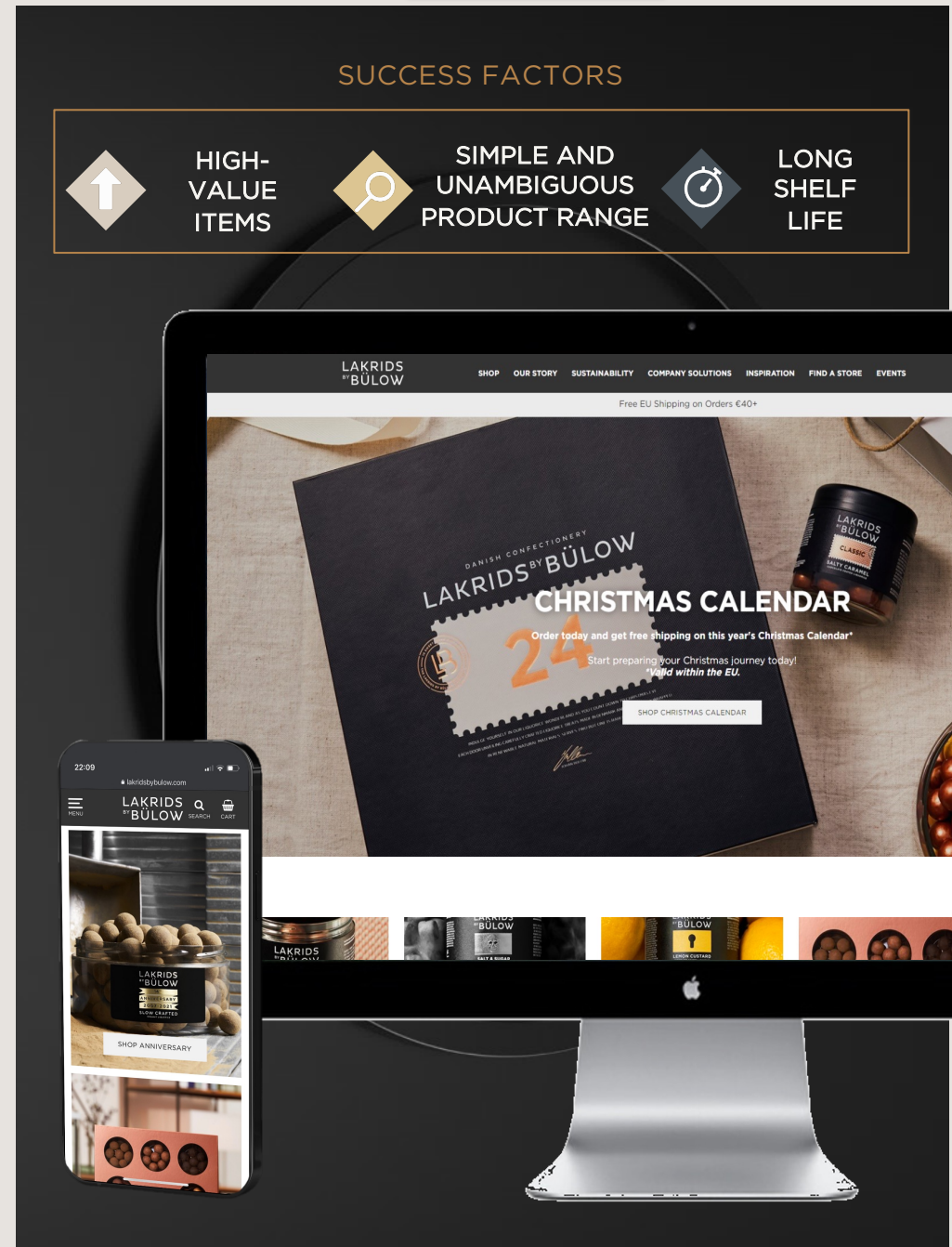
The main e-commerce store of LBB is their website, adapted to local market preferences and available offerings. Here, customers are not only introduced to the products of Lakrids By Bülow, but are also shown various bundled offers for gifting, customer testimonials, and are prompted to join the tasting panels of LBB.

## Online excellence

From this approach, LBB seeks to not just sell product, but to establish a genuine link with their customers, enhancing the purchasing experience and building lasting relationships with repeat customers. The growth experienced is a testament to this and shows one of the strengths of LBB. When compared to competitors, Lakrids is adept at making the online purchase an enjoyable experience. In a survey conducted by Ipsos, 58% of respondents in target markets reported having purchased LBB products online, while the same figure was 49% for Hotel Chocolat, 40% for Summerbird and 27% for Anthon Berg and Godiva.

This shows that Lakrids is leading the industry race to shift online, by offering customers more ways to become engaged than simply purchasing LBB products.

|                                   |   |  |
|-----------------------------------|---|--|
| 7%<br>site conversion rate (2021) | 57%<br>share of owned and earned traffic (2021) | DKK 380<br>average basket size (2021)                    |
| ~0%<br>product returns (2021)     | 40<br># of countries shipped to                 | 8<br>local websites available in six different languages |





# E-commerce as an entry-mode in the UK

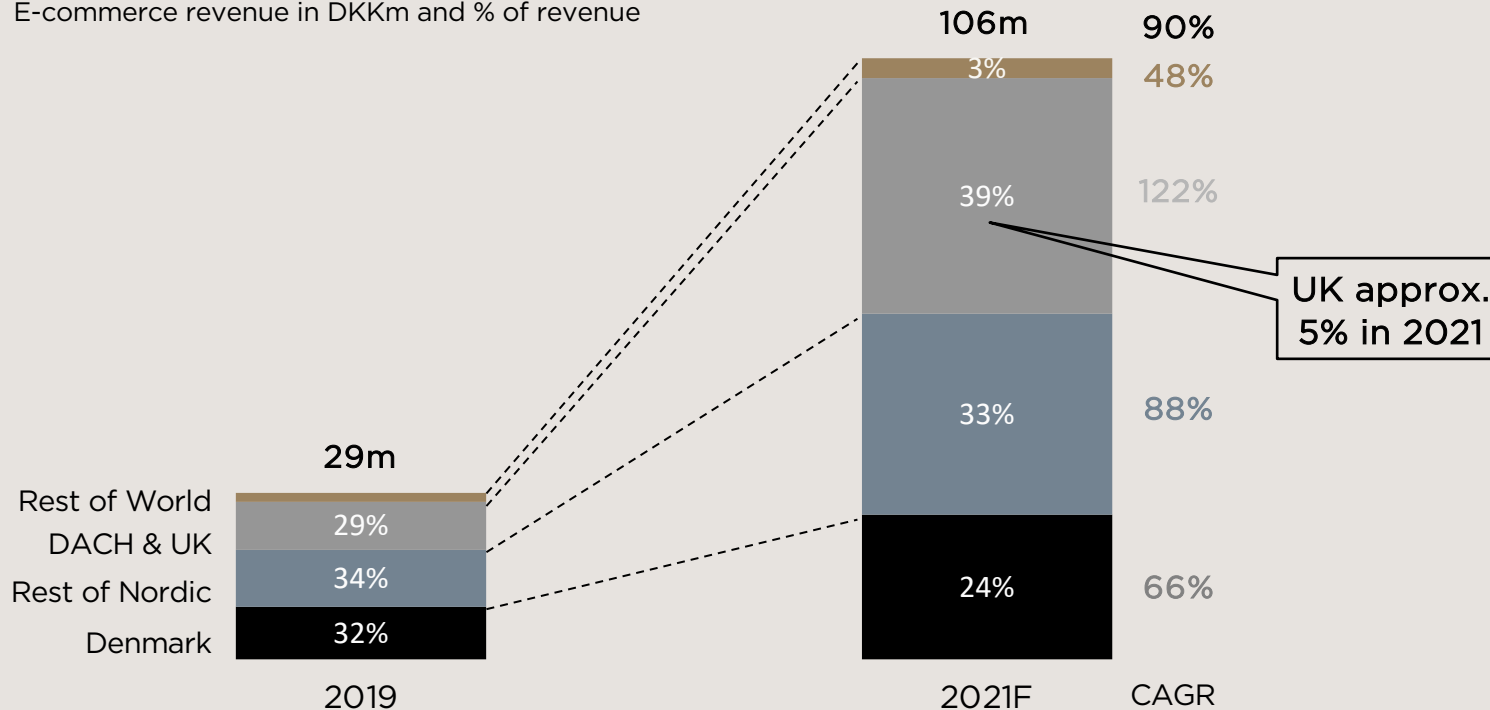
E-commerce has played a large role in the current UK foothold. By entering through digital means first, LBB ensures a strong local foothold prior to intensifying their investments in physical presence. The merit of this approach is clear. Since entering the UK, primarily through e-commerce, LBB now earns 5% of total revenue from this market channel.

## E-COMMERCE GO-TO-MARKET STRATEGY

- Establish a **local community** using on-site and Facebook lead generation activities
- Communicate to an **owned audience** (~40k email subscribers, 31 December 2021)
- Performance marketing using **seed/look-a-like audiences** from other markets
- Google text and shopping ads** on relevant chocolate and liquorice search terms

## SIGNIFICANT GROWTH IN E-COMMERCE CHANNEL ACROSS ALL REGIONS

E-commerce revenue in DKKm and % of revenue





# The emerging store network of Lakrids By Bülow

By opening own-retail stores, LBB brings the factory experience to consumers, regardless of where they are situated. The stores function as an opportunity for people to indulge in the LBB universe, and much care has been taken to ensure that the atmosphere in these locations perfectly conveys the feelings of opulence, tastefulness and exclusivity that the Lakrids By Bülow brand is associated with.

LBB currently operates 27 of these own-retail stores across all their operating markets. The stores vary in size and location, but their opening was decided based on three common conditions; they must be earnings accretive, be placed in brand building locations, and have strong footfall positions.

Unlike other luxury brands that may strategically operate flagship stores at a loss, LBB focuses on only opening stores at profitable locations, with strong co-branding opportunities and target customer traffic.

## London store presence

LBB has one own store at Selfridges, and has entered pop-up collaborations with department stores such as Harrod's. LBB does however see potential in opening stores, and seeks to inaugurate a permanent store located in the Borough Yards, in H1 2023. This store opening may function as a part of your solutions, or you can choose to focus on other initiatives activating the various sales channels.

|                                    |   |   |
|------------------------------------|---|---|
| 27<br>Own Retail stores            | 34 M <sup>2</sup><br>average store size | 3.4<br>million DKK<br>average revenue per store |
| 4%<br>Like-for-Like revenue growth | ~31%<br>average four-wall margin        | <1yr<br>targeted payback period                 |

## STORE OPENING CRITERIA

- |  |   |   |
|--|---|---|
| <p> <b>EARNINGS ACCRETIVE</b></p> <ul style="list-style-type: none"> <li> <b>27 OUT OF 27</b> of Own Retail stores have been profitable during 2021</li> <li> <b>ATTRACTIVE UNIT ECONOMICS</b> with strong sales per square meter</li> </ul> | <p> <b>BRAND BUILDING LOCATIONS</b></p> <ul style="list-style-type: none"> <li> <b>TRIPLE-A LOCATIONS</b> including stores located at luxury department stores, high-end street locations and airports</li> <li> <b>STRONG QUALITY OF BRANDS</b> neighbouring the stores</li> </ul> | <p> <b>STRONG FOOTFALL LOCATIONS</b></p> <ul style="list-style-type: none"> <li> <b>DETAILED ASSESSMENT</b> of pedestrian flows in each store's area</li> <li> <b>DESTINATION</b> retail locations prioritised</li> </ul> |
|--|---|---|

## VISION

The stores' look, the employees' uniforms and virtual merchandise are all important contributors to the storytelling

**TOUCH**  
Customers can experience the 'touch & feel' of the high-end product design

**TASTE**  
Visitors are encouraged to sample and test products

**SOUND**  
Musical ambience reinforces the brand experience

**SMELL**  
LBB has developed its own smell of the A-product



# The third-party retail network of LBB serves as the final end-consumer link

The last channel to consider within this case, is the third-party network of wholesale retailers.

These accounts traditionally lie within the B2B segment, but due to their orientation towards end consumers, are important to also consider, when the intention is to increase the sales from the D2C segment.

34% of total revenue is generated by third party retailers. These retailers are selected by LBB, to ensure that only retailers with positive co-branding synergies are selected. They extend reach, allowing LBB to overcome the initial purchasing barriers. Developing the third-party network can be an efficient means of increasing awareness and revenue, but it comes at a cost. LBB does not own the end-customer transaction at these venues, and is therefore unable to showcase the entire LBB universe.

## Third-party in the UK

Third-party retailers have shown significant success in the UK, where collaborations with select department stores and venues such as Harrod’s, Selfridges and Harvey Nichols. It is now up to you to gauge whether continued expansion of the third-party network should be a part of your final solutions.

## BRAND BUILDING UK B2B PARTNERSHIPS

### SELECTED UK THIRD-PARTY RETAILERS



### FURTHER RETAILERS



✓ Selfridges, London  
Since 2021



✓ Magasin, Copenhagen  
Since 2017



✓ NK, Stockholm  
Since 2016

# Lastly the LBB community and “Lakrids Lovers” function as alternate but highly effective revenue streams

## The LBB Community

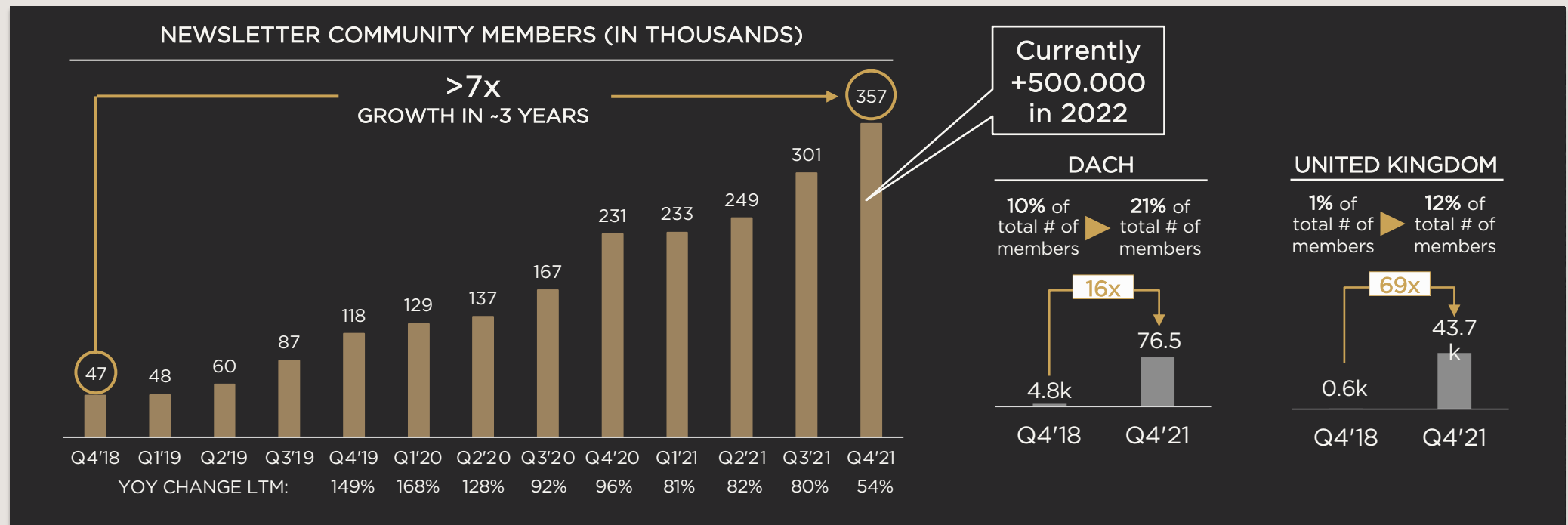
Throughout the years, Lakrids by Bülow has increased brand awareness, and developed from being a niche purveyor of liquorice, to becoming and internationally renowned brand. For example, brand awareness in Sweden increased from 24% in 2019 to 42% in 2021. The same trend was apparent in Norway, where brand recognition increased from 12% to 20% over the same period. This shows the strength of the LBB brand, built on honest marketing, Scandinavian heritage, and authentic products. Brand investments has also led to another benefit; a dedicated following of supportive customers.

## The Lakrids Lovers

The Lakrids community is made up of newsletter subscribers, and in 2022 LBB reached 500k members here. A subset of the total community, is called the “Lakrids Lovers”. They make up approx. 20% of the total community, and they serve as an important access point for LBB to engage with their most passionate customers, and to gain feedback on product launches through samples. While not a specific channel per se, this community of followers is nonetheless highly important to the go-to-market strategy of LBB.

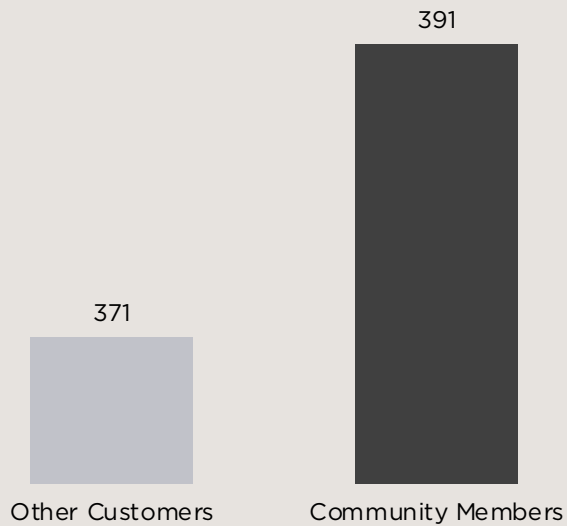
Since 2018, the Lakrids Lovers community has grown seven times over, with more than 357.000 currently active members in focus markets. The inflow of community members has been especially successful in the UK, where membership has increased 69-fold over the same period.

**When choosing your solutions, you should keep the vast potential of this strong and cherished community close in mind.**



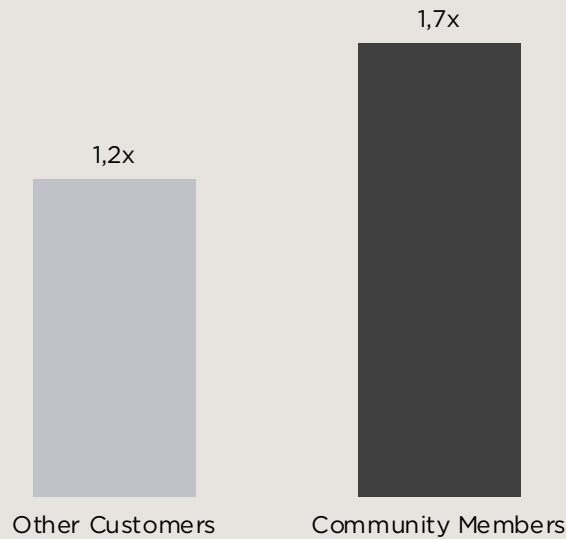
COMMUNITY MEMBERS HAVE A HIGHER BASKET SIZE...

LTM E-com avg. basket size



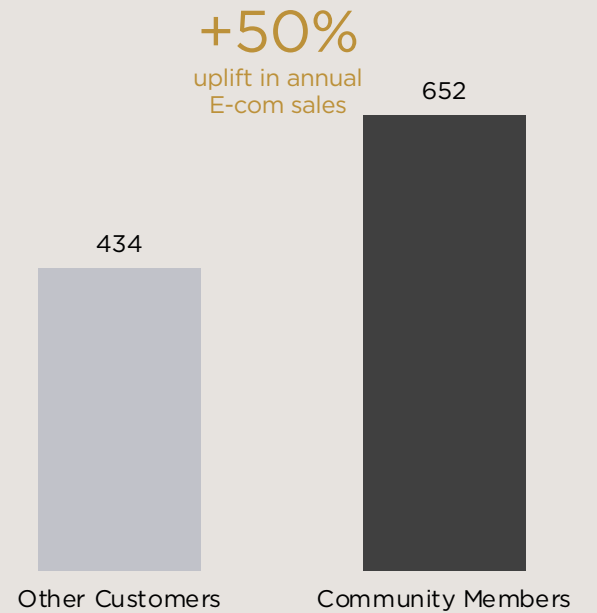
...AND A MORE FREQUENT REPURCHASE RATE...

LTM avg. # of orders online



...RESULTING IN A STRONG E-COMMERCE UPLIFT

LTM E-com customer sales value (DKK)



# JOIN THE TASTE PANEL - LAKRIDS LOVERS AND TAKE PART IN PRODUCT DEVELOPMENT

- Get access to special LAKRIDS LOVERS varieties, straight from the creative lab
- Receive free samples of products not for sale
- Get invited to exclusive campaigns, only for LAKRIDS LOVERS

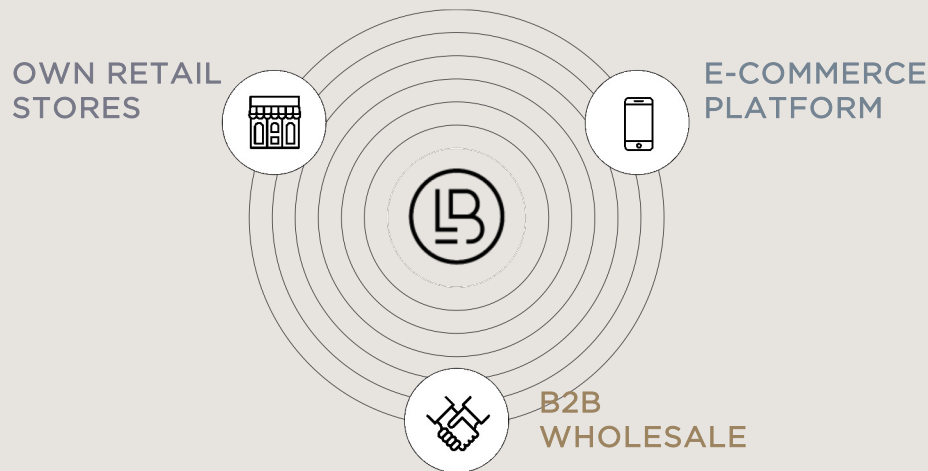


# To succeed in any market, LBB must ensure balance between all major access points

As the focus of this case is set on growing the D2C segment revenues, the channels of interest are e-commerce, owned stores, third-party wholesalers and the Lakrids Community. These are the channels with the greatest customer centricity, and what you should be focusing on for your go-to-market strategies.

When crafting your solutions, pay special attention to the interplay between these channels. In a sense, the boundaries between digital and physical interaction are dissolving, leading to a new age of omnichannel access to consumers.

## MULTI-CHANNEL APPROACH TO PROMOTE THE BRAND AND ENGAGE CUSTOMERS

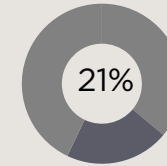


### % OF REVENUE

#### OWN RETAIL STORES

##### ACT AS BRANDING BEACONS

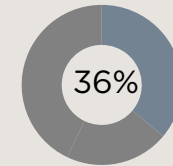
allowing customers to enter the LAKRIDS BY BÜLOW universe and attain the full brand experience



#### E-COMMERCE

##### AVAILABLE FROM EVERYWHERE

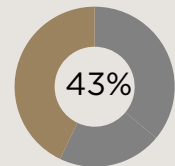
regardless of the customers' location the online store serves as a universal access point



#### BUSINESS-TO-BUSINESS

##### BUILDS FURTHER AWARENESS

and geographical reach through carefully selected partners





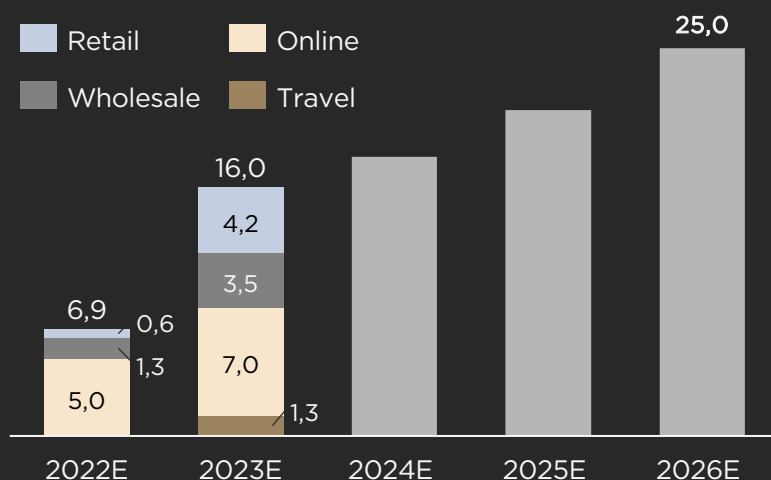
# It is now up to you to craft your solution for how LBB should continue their D2C growth journey in the UK

We hope that you now have a better understanding of the problems, but also opportunities, that Lakrids By Bülow is facing. With this knowledge in mind, it is now your turn to produce your best solutions aimed at expanding D2C and wholesale revenue in a way that meaningfully creates long-term value for LBB in the UK.

These solutions can take any form and focus on any specific part of the channel categories, if you reason your choice, and consider the implications of your decision on how the wider channels intersect.

While Lakrids By Bülow advises you to show your creativity, bear in mind that the solutions must be financially feasible and aligned with the values of LBB. Your solutions should likewise be based on sound analysis and have the potential for future scalability.

UK REVENUE TARGET (DKKm)



## LAKRIDS BY BÜLOW FURTHER ASKS THAT YOU CONSIDER THE FOLLOWING SUB-QUESTIONS

- 1 Which channels should LBB activate to ensure that especially growth in the London cluster is accelerated?
- 2 How does LBB ensure that the new go-to-market strategy ensures synergies between the respective D2C and wholesale channels in the London cluster?
- 3 How does the proposed strategy fit with the UK consumer, and the confectionery market characteristics?

# Remember to follow these submission criteria closely!

## DELIVERABLE

- No slide limit, but 10-15 is recommended.
- Should be sent to [Alwy19ab@student.cbs.dk](mailto:Alwy19ab@student.cbs.dk)
- Deadline 23:59 17<sup>th</sup> of November
- Format should be .pptx format
- Please name the file “Final Case group XX”

## PRESENTATION

- Presentations will last for 15 minutes followed by 10 minutes of Q&A
- You will be stopped after the 15 minutes
- No changes to the slides will be possible after submission
- You will receive time-marks when you have 10-, 5-, and 1-minute left

## ACKNOWLEDGEMENTS

### Case developers

- Alexander Thomsen Wyne
- Jonas Løkke Hell Hansen
- Karoline Nylander

### Company representatives

- Marie Klibo, EA
- Martin Lyngaa Simonsen, CCO

## LEGAL DISCLAIMER

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HAPPY CASE SOLVING!

# Appendix

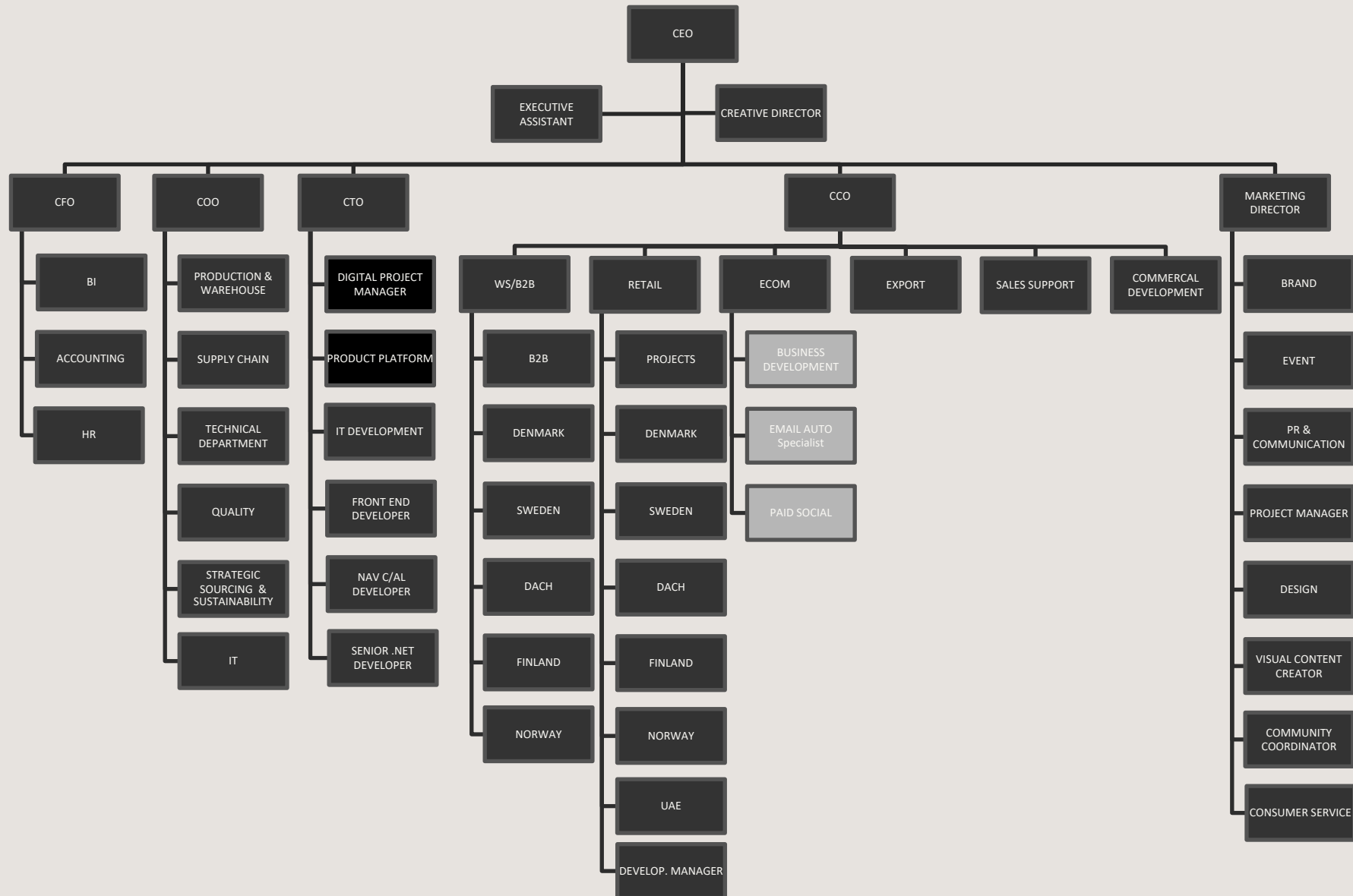
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Here you will find supplementary information that may inspire your choice of strategy. You may use it however you see fit.

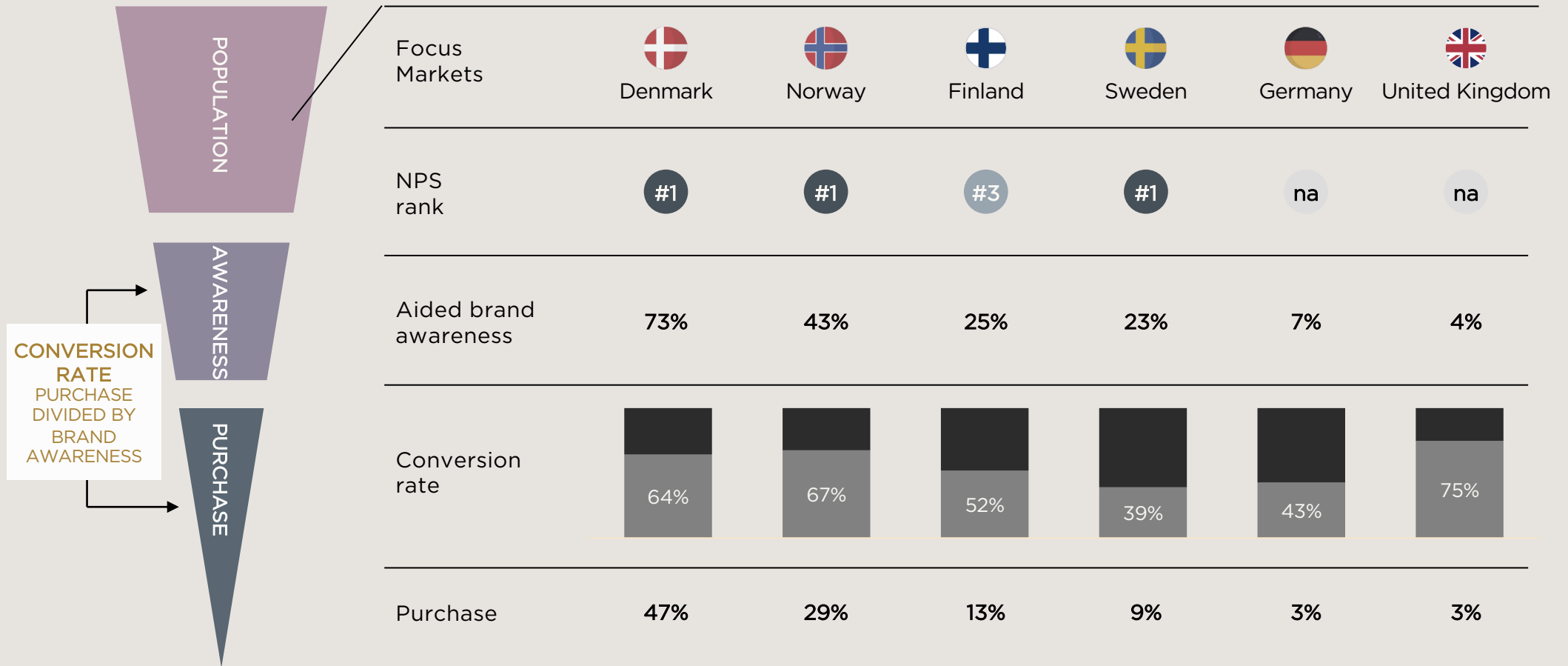
# Appendix: Income statement of Lakrids By Bülow

| DKK '000   | Notes | 2021           | 2020           |
|--|-------|----------------|----------------|
| <b>Revenue</b>   | 3     | <b>293,054</b> | <b>256,386</b> |
| Changes in inventory of finished goods and work in progress  |       | 2,105          | 5,163          |
| Raw materials and consumables used   | 4     | (67,780)       | (68,758)       |
| <b>Gross Profit</b>  |       | <b>227,379</b> | <b>192,791</b> |
| Other operating income   | 5     | 3,145          | 3,412          |
| Employee benefits  | 6     | (81,746)       | (78,685)       |
| Other external expenses  |       | (84,891)       | (61,776)       |
| <b>Earnings before interest, tax, depreciation and amortisation and before special items (Adjusted EBITDA)</b> |       | <b>63,887</b>  | <b>55,742</b>  |
| Special items  | 7     | 13,175         | -              |
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>                                   |       | <b>50,712</b>  | <b>-</b>       |
| Depreciation and amortisation  | 8     | (28,876)       | (27,223)       |
| <b>Operating profit (EBIT)</b>   |       | <b>21,836</b>  | <b>28,519</b>  |
| Financial income   | 9     | 1,366          | 563            |
| Financial costs  | 9     | (21,637)       | (29,573)       |
| <b>Profit / (Loss) before tax</b>  |       | <b>1,565</b>   | <b>(491)</b>   |
| Income tax expense   | 10    | (3,511)        | (2,270)        |
| <b>Profit / (Loss) for the year</b>  |       | <b>(1,946)</b> | <b>(2,761)</b> |

# Appendix: The organisational structure of Lakrids By Bülow



# Appendix: Strong awareness-to-purchase conversion across markets



# Appendix: the marketing campaign "Share it with a hater"

THE "SHARE IT WITH A HATER" CAMPAIGN WAS LAUNCHED IN Q3 2021 AND RECEIVED INTERNATIONAL ATTENTION

RESULTS ACHIEVED DURING THE FIRST FOUR WEEKS AFTER CAMPAIGN LAUNCH

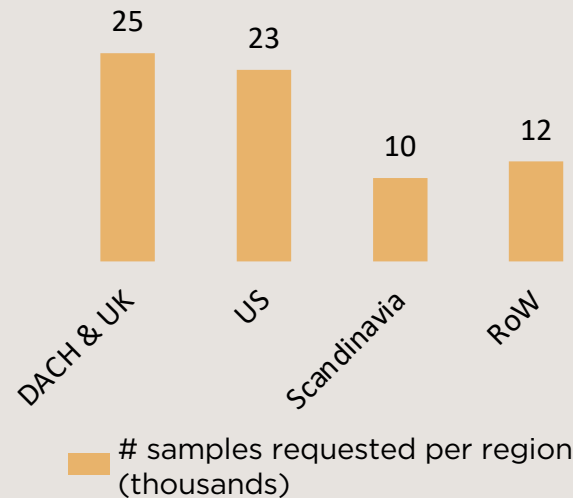
5+ million video views

- ◆ through YouTube and So-Me during the first month



~70k people requesting samples

- ◆ yielding 35k+ new Community Members - the majority being from the US



Extensive international PR coverage

- ◆ incl. 30+ published features reaching a potential audience of 130m+ people



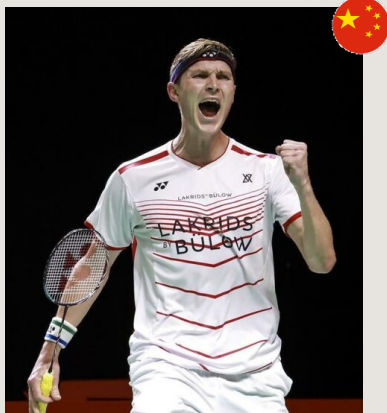
# Appendix: Influencers fueling engagement

✓ LBB REACHES +16 MILLION PROFILES THROUGH ~50 INFLUENCERS

✓ ACCESS TO NEW AUDIENCES WORLDWIDE

✓ ABILITY TO CREATE LOCALLY ADAPTED CONTENT

PAID PARTNERSHIP



**VIKTOR AXELSEN**

Danish Olympics-winner in badminton

新浪微博 ~1.2m followers  
weibo.com

SELECTED NON-PAID INFLUENCERS WHO PROMOTE LAKRIDS BY BÜLOW



**CAROLINE DAUR**

German fashion & lifestyle influencer

~3.3m followers



**NIGELLA LAWSON**

English cook and food writer

~2.6m followers



**ANINE BING**

US-based designer and fashion influencer

~1.0m followers



