

HONEST TEA CASE Harvard Case Solution & Analysis



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Honest Tea



Parent Company: Coca Cola

Background



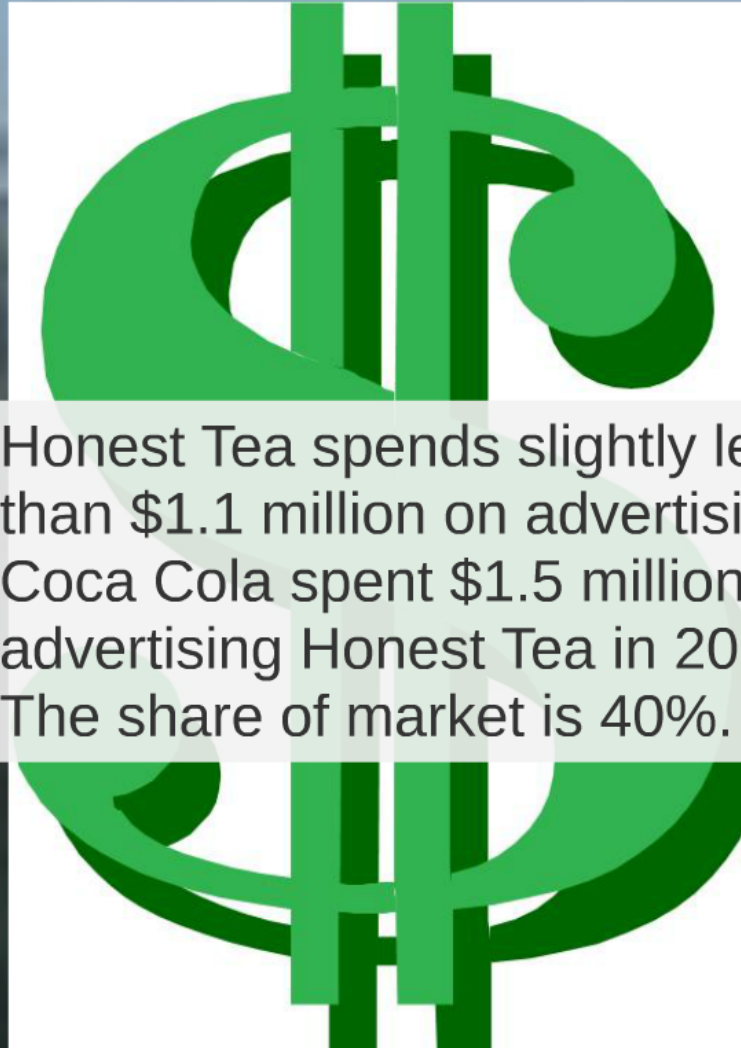
- **Founded in 1998 by two Yale graduates; Seth Goldman and Barry Nalebuff.**
- **Coca Cola purchased 40% of the U.S company in 2008. They bought the rest of the company in 2011.**

Target Market

- 60% women, 40% men
- Median age 42, with a range from 30-65
- Likely to live near a concentrated urban area
- Likely to have graduated college or have an advanced degree
- Likely to currently be bottled water or tea drinkers, occasionally drink iced cappuccino
- Interested in running, hiking and outdoor healthy activities
- Average family income \$52,000
- Since Honest Tea is organic, it costs 20 to 30 cents more than other bottled tea product. The cost is usually \$1.50 for 16 ounces.
- Demographics are international obviously targeted towards U.S, but also the Tea is harvested in Africa, India and China where Seth has visited the communities.



Cost of Production



- Honest Tea spends slightly less than \$1.1 million on advertising.
- Coca Cola spent \$1.5 million on advertising Honest Tea in 2012.
- The share of market is 40%.

Names of Publications

Print Ads:

- Women's Health Magazine
- New York City Buses
- The Runner's Magazine

Tv Ads:

- TLC
- The Food Network
- The News
- NBC

Internet Ads:

- Facebook
- Huffington Post
- New's Websites

Competitive Products

- Snapple, Tazo Tea, Arizona, Lipton, Fuze
- Honest Tea sets apart from competition because of the nutritional facts that the other competitors do not have. Honest Tea is composed of organic materials unlike the competitors.

Nutrition Facts	
Serving Size 123 g	
Amount Per Serving	
Calories 64	Calories from Fat 7
% Daily Value*	
Total Fat 1g	1%
Saturated Fat 0g	0%
Trans Fat	
Cholesterol 0mg	0%
Sodium 1mg	0%
Total Carbohydrate 15g	5%
Dietary Fiber 8g	32%
Sugars 5g	
Protein 1g	
Vitamin A 1%	Vitamin C 54%
Calcium 3%	Iron 5%
*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	
NutritionData.com	

