

Sales, Purchasing & Marketing

Marketing Strategy for a New Consumer Drinks Product



innocent
little tasty drinks

Founded in 1999, **Innocent Drinks** began with 3 different products on sale; 11 years on, they have 36 successful products being sold as far away as Paris, Salzburg and Copenhagen. Starting out with 3 employees, the company has grown to 250 taking over 77.5% of the UK smoothie market and it's not surprising as the products are sold in over 10,000 different retailers. Currently the number of products sold is in excess of two million per week. Launching 'the big knit' campaign allowed them to broaden the market they target as 25p per bottle with a knitted hat goes to AGE UK. With a fantastic portfolio, this company is strong enough to support a new consumer drinks product that will be entered into the water subsector. This business report summaries the current competitors, customers and products that Innocent Drinks have and propose a marketing mix to allow Innocent Water to be brought to the market successfully. It will be targeted mainly at those consumers who already believe in the persona of Innocent Drinks and its brand values of 'little tasty drinks.' Innocent water will sit along side premium brands of bottled water and will aim to spread sales across Innocents current markets.



Current Company Context Review

To ensure the product is launched in the best way, a review will be conducted of the current competitors to Innocent Drinks.

Competitors

With regards to Innocent Drink, those aiming for a similar brand persona would be 'Ella's Kitchen', 'happy monkey smoothies' (although both only available in the UK), 'Naked' and 'Odwalla'. Along with Innocent Drinks these brands try to appeal to the more health conscious consumers and draw them in with the natural looking appearance.

Both 'Ella's Kitchen' and 'happy monkey smoothies' have 'jumped on the bandwagon' as they released their products several years after realising the success of Innocent Drinks and the psychology that is used. 'Happy little monkeys' worked hard to attract children to their product using the colour schemes, whereas it was the small child sized cartons and the content that appeals to the parents. This is similar to Innocent Smoothies for kids as the iconic styling of the cartoon will stand out on a shelf.

'Ella's kitchen' is aimed at the parents as the product is for younger children; done through clever advertising of the health benefits of giving young toddlers fruit drinks.

'PepsiCo' have just launched a new 'Tropicana Smoothie' range, in a bid to strengthen the governments' efforts to boost the 5-a-day campaign. Running a new product line alongside government proposals will dramatically increase the sales for 'Tropicana' as the public can be easily influenced by government statistics. The reason that 'Tropicana' felt safe to branch out into a new market is their experience, brand image and dedication to providing excellent fruit selection and exceptional blends. Innocent drinks may not have as many years experience as 'Tropicana' but their brand image is enough to ensure that branching into a new sector of the drinks market would be successful.

'Naked' and 'Odwalla' are both over 25years old, and both began life in the US. 'Naked Juice', owned now by PepsiCo Products, has recently introduced its products into the European market due to the rise in the number of consumers purchasing such products. Although this market is becoming more saturated, consumers continue to believe that drinking a fruit smoothie will help them stay healthy. For example, 'Naked Juice' admits on their website that they use the easiest advertising campaign – 'a person holding a 'Naked Juice' with a big smile on his or her face.' Such like Innocent Drinks, they claim to be a 'no added sugars and no preservatives' fruit drink.

The particular subsector that is being targeted is saturated with products as most drinks companies produce water. However, many water companies will work within an area of a country. The aim of Innocent water would be to introduce it into all the countries that the other Innocent drinks are in.

The main competitors within the subsector, who have similar brand awareness as Innocent Drinks, would be 'this water' and 'The feel good drinks co.' Both companies work hard to use ethically sourced goods and do not add sugars or preservatives. However, neither has introduced a still water that would sit alongside competitors such as 'Volvic' and 'Evian'. First bottled in 1938, Volvic is tapped from a source in France that has passed through a nearby volcano, giving it unique mineral content. Bottled at the source means this water is regarded as one of the purest in the world and is never touched by human hands nothing added or taken away. This unique selling point allowed Volvic to grow and the brand, now owned by Groupe Danone, now sells in Europe, North and South America and Australia. Similarly French, Evian was first bottled in 1826 and the company became public in 1859. Evian water is portrayed as a luxury brand of water and therefore is drunk by many of the rich and famous making is easy to launch in the USA in 1978. Also owned by Groupe Danone, this may be why Volvic were such a success in the USA as Groupe Danone already had an existing awareness of consumer needs and traits.

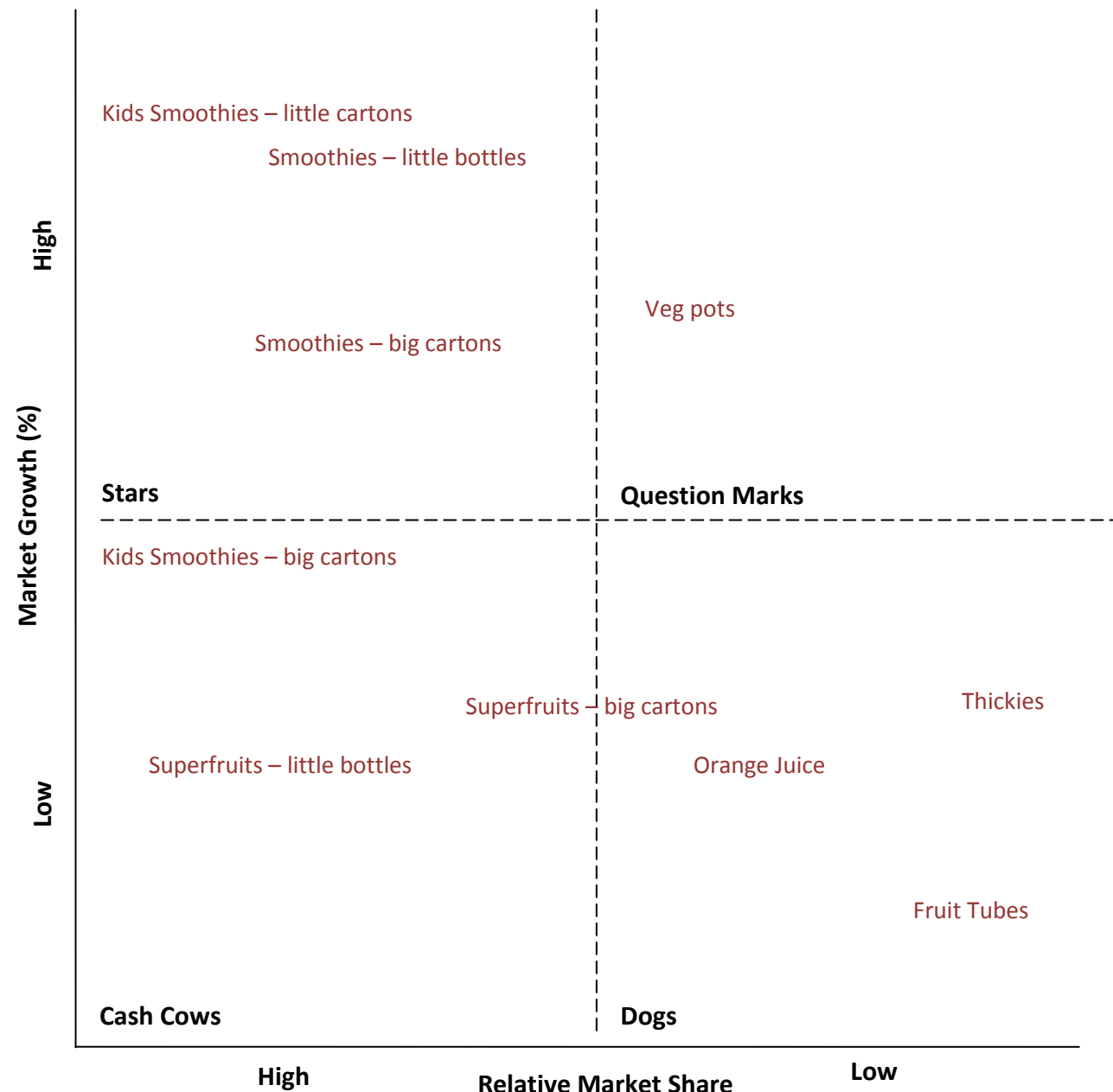


Consumers

The market that is being targeted will be similar to what Innocent drinks already targets- health conscious individuals. The consumers of the water market are either looking for a low cost drink on the go or for a liquid to consume whilst exercising. Many who enter a shop to purchase a drink of water look for the most reasonable price for the size of the bottle they are paying; this may be due to water being a basic human need so to many they don't consider it something they should spend a lot on. However as trends in food and drink become more popular and pronounced, some consumers would prefer to carry a bottle of water that has a recognisable brand name, showing to others their personality through what they have purchased.

Innocent drinks has branded itself as a high end smoothie through the costing of their current products but consumers will still pay over the odds for a small bottle, believing that it is good for them. This would be important in the launch of the new water; if the right source of water could be reached and bottled, containing enough minerals and vitamins, consumer consciousness can be targeted in the same way as other Innocent drinks.

Existing Products



Kids Smoothies comes in a small lunch box size carton and a large pouring carton. Innocent drinks felt it important to target a younger audience and so brought in a panel of children who helped to choose the recipes. With each drink containing one portion of fruit, the drinks are very attractive to parents who want to make sure their children are healthy. Innocent also made sure the packaging was 'fashionable', keeping it simple and attractive to their target audience. Due to the popularity of the product it has a high market share and growth rate.

Innocent Thickies were introduced 'Just in case maxing out on dairy based treats is your thing.' Thickies were launched when Innocent drinks had a good hold in their market, however very little advertising was done for the product. It has a low market share in comparison to its competitors such as 'Yazoo' and 'Frijj' and due to little promotion; its market growth is small.

Superfruits smoothies were introduced during the mid 00s when consumers started to become more aware of what foods could benefit them after private dietary consults announced a group of Superfruits. Innocent drinks played off this cleverly and quickly developed two different flavours containing whole pressed fruit and pure fruit juices that boosted fibre and antioxidant intake. Playing off consumer conscious meant they had a quick burst off sales and they still have a high market share for their particular sector of the market but the growth of their sales have grown as consumers become more intelligent against advertising campaigns.

After using orange juice in their smoothies for years, Innocent drinks decided to bring it out on its own. However, like the bottled water market, there are many companies who produce fresh orange juice but innocent claim that they are 'setting the world's finest orange juice free to pursue its solo career.' Due to the competition of such brands as Tropicana and supermarket own brand, Innocent's orange juice has a small market share and small market growth.

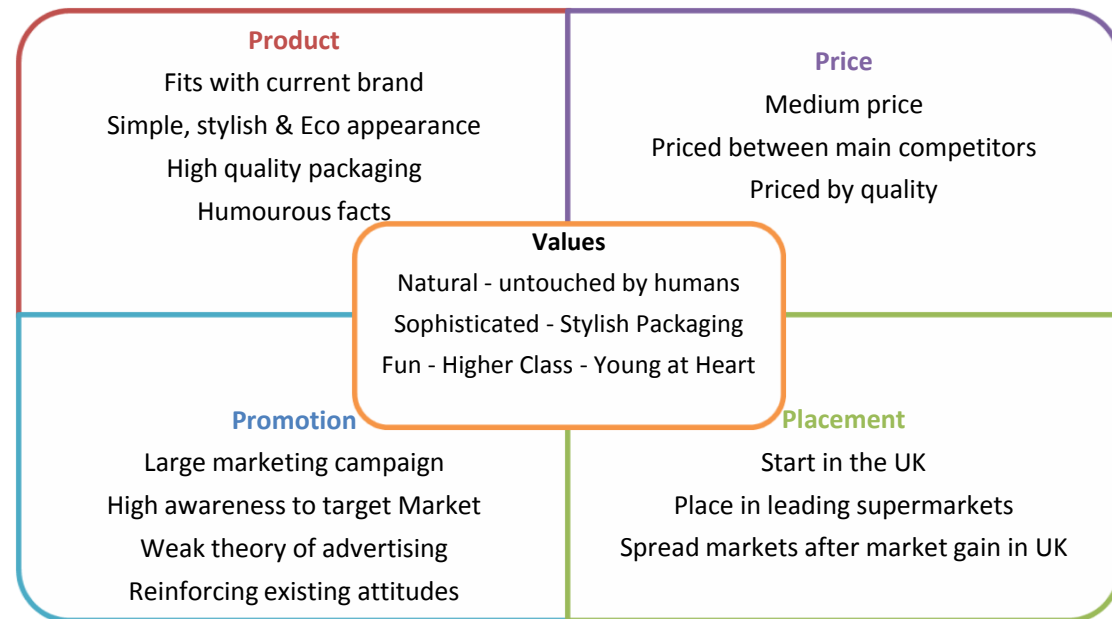
After consumer research, Innocent found that a lot of parents wanted something healthy that they could put in their children's lunchbox, which looked appealing enough for them to eat when their parents weren't around. However as this product has only been launched recently and that there are already existing products that fulfil this function, the product remains low in market share and growth.

Innocent's most recent success has been the Veg pots that have been made ideal for lunch times. The Veg pots success is due to the fact that they are unique- a fast food meal that looks attractive and contains three portions of vegetables along with whole grain. The high market growth is due to the simple advertising and the target at higher class business personal as the product is available mainly in Waitrose supermarkets.

The original Innocent Smoothie is how it all started and created the start of a new consumer want. The Innocent Smoothie still continues to be one of Innocents best sellers and helps them hold 77.5% of the market share for smoothies. With a high market share and increasing growth, the smoothie will continue to be one of Innocent's best sellers.

Product Marketing Mix

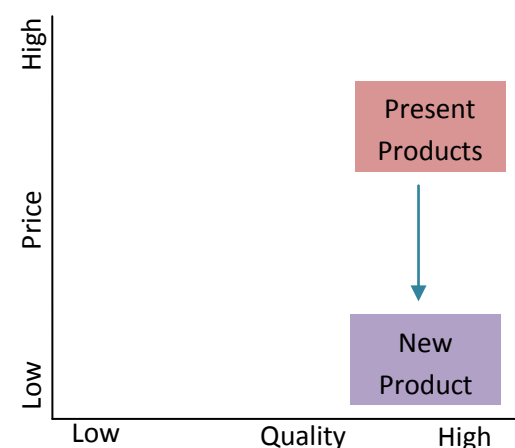
A successful marketing mix ensures the right product is sold at the right price in the right place with the appropriate promotion. Presented below is a summarised marketing mix diagram and a short look into each of the marketing mix components that all focus around the central values of Innocent Drinks.



Product

- Core Product- To quench a thirst
- Actual Product – A bottle of water
- Augmented Product – Contribution to a charity

Innocent Water will be a consumer product, bought by consumers for personal use. The bottle of water will be a non-durable product as it will be consumed quickly, will be widely available and there will be a minimum amount of comparison when purchasing.

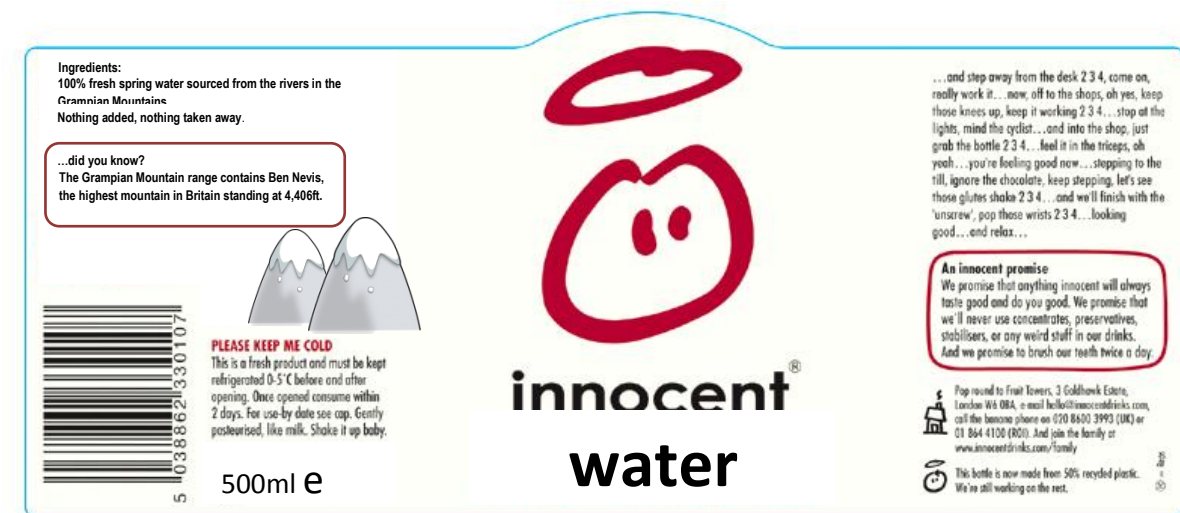


Whilst this will be an up market bottle of water, compared to Innocent's other products, the Product Line Length will be a downward stretch because the product will be lower in price than Innocent's Smoothies and Orange Juice. However, the quality will be just as high as the other products in Innocent's product profile. The quality will be ensured by sourcing the water from fresh springs and not adding or taking anything away from it. From research, this seems to be what has made potential competitors so successful.

These combinations of product strategies will ensure that consumer needs are met. Those already loyal to the Innocent

brand will most likely purchase a bottle of Innocent Water over a competitor; other sales will come from those who are curious to see if Innocent have produced a product that is of as high a quality as their previous products.

Below is a mock up of how the labelling would look for Innocent Water bottles. To keep the new product connected with the already popular branding, the label is very similar to that used on the smoothie bottles, however unlike the smoothie bottles, the background will be clear to help make the water look pure and natural. Along side other brands of bottles water, this label will stand out.



Price

To enable Innocent Drinks to establish themselves in the bottled water market, the price will be similar to that of their competitors meaning Innocent Water will use a competition based pricing strategy.

Product	Price GBP per litre
Evian	£1.10
Deep River Rock	£1.02
Nestle	£0.40
Volvic	£0.39
Isklar	£0.70

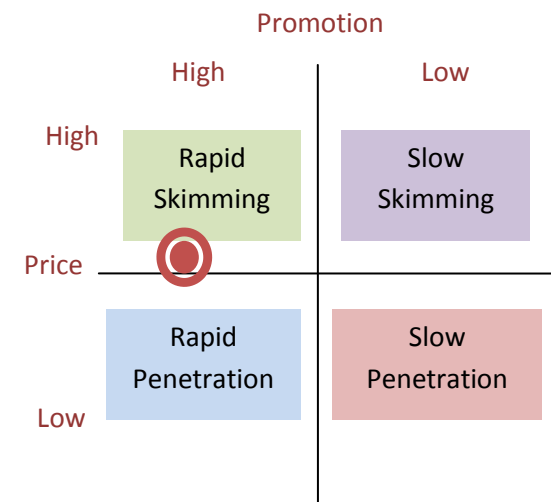
*Prices sourced from tesco.com

Whilst Innocent Water's main competitor is Evian, with regards to quality, it is important to consider other popular brands of bottled water. As can be seen from the table left, there is a large gap between Evian and Volvic; Volvic is one of the most popular waters in Europe, where Innocent will be pursuing a large proportion of their market. Those who are already loyal to Innocent will not mind paying as much as they would for Evian if they believe the quality is good enough, however, it is important

for Innocent to attract a range of new customers by having a competitive price to the leading brand. For a 500ml bottle of Volvic, the price varies from £0.50 up to £0.80 depending on where is purchased. It is felt the most reasonable price for Innocent Water would be between £0.60 and £0.80 for a 500ml bottle. Sometimes if a product is too cheap it can put consumers off as they may believe the quality will not be very high, whereas if the price is above that of its competitor the quality will be assumed to be better. It may be a risk pricing Innocent Water above the price of its main competitor but it is believed it will pay off due to the brand loyalty and persona that Innocent Drinks have already created.

Promotion

Promotion is the link between Innocent Drinks and the potential consumer. By beginning with a large amount of advertising, Innocent can make consumers aware of their new product. Promotion campaigns should be kept similar to those previously done by Innocent. The combination of high promotion and middle market pricing will mean that Innocent is stuck between Rapid Skimming and Rapid Penetration strategies. The objective of rapid skimming is to capture the target market quickly with a reasonable price and large marketing campaign. Rapid Penetration is when the price is set lower than the competitors and is like rapid skimming in that a lot of promotion is done. These two strategies combined should allow for a successful launch for the product.



Innocent Drinks should use the Weak Theory of advertising for the promotion of Innocent Drinks by maintaining awareness of the new bottled water product, reinforcing existing attitudes towards the brand and provide reassurance of why the product is better than its competitors. Customers tend to repeat their pattern of thinking and behaviour so by spreading brand familiarity and identification, Innocent drinks will retain customers.

It would also be advisable for Innocent Water to support a charity, possibly buying incorporating Innocent Water into the big knit campaign that they already use. They could also sponsor sports events or teams to increase awareness of the product.

Placement

To ensure that Innocent Water gains enough awareness, it will be placed alongside the already established product line in the UK to begin with. The bottled water market in the UK is not as saturated as mainland Europe; hence it will be an excellent location to launch the new product. Innocent Drinks are currently sold mainly in Sainsbury's, Tesco, Waitrose and Starbucks, so it seems suitable to place the bottled water alongside these, where consumers are already aware of what the brand stands for and so are more likely to purchase it. Once the market has been established in the UK it would then be possible for Innocent Water to be brought to the European countries that the other products are in such as Ireland and Sweden.

Purchasing and Sales Approaches

Purchasing

Innocent Water will sit along side other bottled water brands in a supermarket drinks fridge, but will recognisably stand out due to the iconic packaging that comes with the Innocent Brand. As the product is simply still water, there is no need for product differentiation. As for the labelling it will contain different facts about the source of the still water so late differentiation will take place for packaging. Production and packaging of the water can take place in the same facilities as where the other products are produced. However the water will

need to be transported from Scotland to the bottling plant which will mean a small cost of transportation will be passed onto the consumer.

Many bottles of water have blue labelling and the plastic that the bottle is made from is normally tinted blue to make the water look more attractive. To make Innocent Water more predominant to those thinking of purchasing it, it is important that Innocent brand the product in the same way as their previous products to kept continuity throughout the brand.

Sales

As mentioned in the marketing mix, the competition for bottled is high. It is one of the most saturated markets in the drinks market and therefore it is important that Innocent work to gain market share before searching for large profits. By gaining loyalty from consumers who will buy Innocent Water daily, a market share can be achieved. But it is important to consider that they will not achieve the kind of market share that they have with their smoothies as the bottled water market is so saturated.

The price of the bottled water is mid range compared to its competitors and the reason for this was, again, to ensure that Innocent Water gained a market share along side their main rivals.

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- <http://www.innocentdrinks.co.uk/>