

Getting to the Market Place

1. WHAT IS MARKETING?



- Marketing is a variety of activities directed at satisfying the needs and wants of the consumer. It involves:

- finding out what the consumer needs and desires
- enabling the consumer to buy the products or services on offer

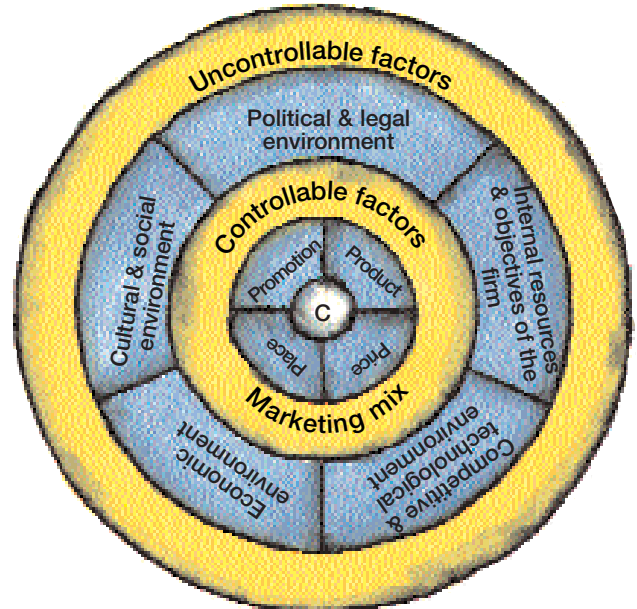
- Before producing a product, companies must:

- understand their target market, i.e. all the possible buyers of the product
- have a clear idea of the kind of people they want to attract
- understand their needs
- evaluate what the customer is looking for

- They must then consider how to achieve the maximum response from their target market. This involves generating the:

- right product for customers
- at the right price
- with the right promotion and at the right time and place

2. THE MARKETING MIX

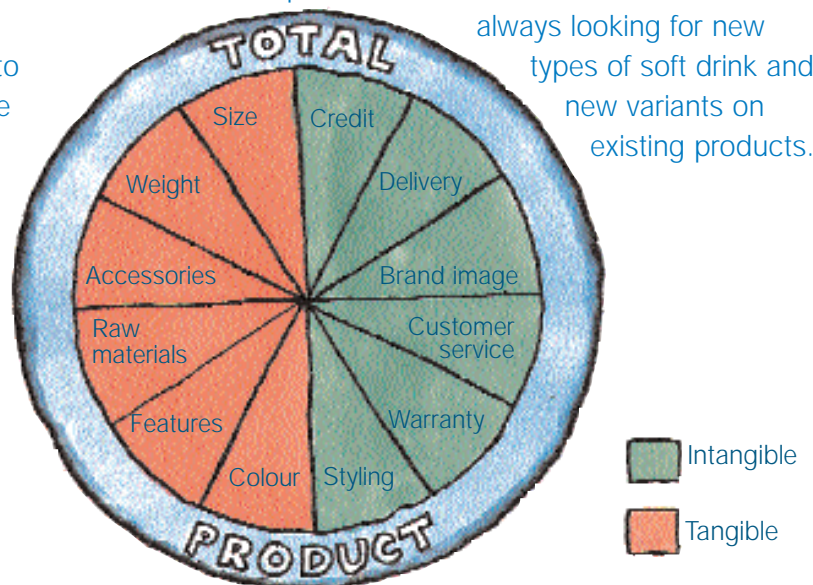


- The Marketing Mix involves four elements, often called the four Ps: Product, Price, Place and Promotion.

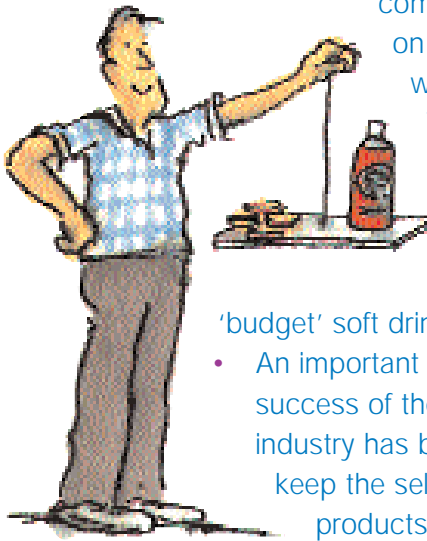
2.1 Product

- Once companies know the needs of their customers, they have to decide upon the type of product they are going to offer.
- Soft drinks need to be developed, produced and packaged according to what the target consumers like if the product is to be successful.
- Experience shows that consumers are

always looking for new types of soft drink and new variants on existing products.



2.2 Price



- Before the product can be sold, the company must decide on the price point at which to sell it. This might mean choosing between producing a 'premium', 'mid-market' or 'budget' soft drink.
- An important part of the success of the soft drinks industry has been its ability to keep the selling price of its products low.
- Important influences on demand for soft drinks include:

- how much money consumers have to spend
- the weather

- This means that:

- when consumers have spare money to spend, the sales of soft drinks rises
- when it is hot and the sun shines, sales of soft drinks are very high

- The actual retail price of a soft drink is set by the retailers (shopkeepers) and not by the manufacturers.

2.3 Place

- There are many different outlets that sell soft drinks:

Total Soft Drinks Outlets 2003 (000s) – 456.2				
Retail 95.0		*HORECA 361.2		
Grocery	34.0 ▶	DISTRIBUTION CHANNELS	◀ Total eating & drinking (2)	107.1
- multiples & Coops	9.0 ▶		◀ - Hotels (2)	12.6
-independents	25.0 ▶		◀ - All others (2)	94.5
Other food retailers (1)	10.0 ▶		◀ *QSR (2)	27.5
*CTN	21.0 ▶		◀ Institutions	89.2
Specialist off licences	9.0 ▶		◀ Total other on-premise	35.0
Petrol Forecourts	12.0 ▶		◀ Can, bottle carton vending units (3)	102.4
Chemists	9.0 ▶		*Confectioners, Tobacconists and Newsagents	
Wholesalers	1.0 ▶		*Hotels, Restaurants, and Catering	
			*Quick-Serve Restaurants	

(1) Includes mixed retailers, bakers, fruit, etc.

(2) National statistics figures apply to businesses with a turnover of £55,000 or more

(3) It is estimated there are 225,000 ready to drink beverage (tea and coffee) vending machines in the UK, many of which include soft drinks in their offering

Source: Government Publications, Trade Sources, Canadean estimates, British Hospitality Association, Food service intelligence.

- Warehousing is necessary for the smooth and efficient delivery of soft drinks to the many outlets throughout the country.
- Very efficient organisation systems, usually automated and run by computers, must be in place to enable fast sorting of orders.
- During the peak summer period there may be a throughput of 700 vehicles, with 340 pallets leaving and arriving per hour.
- A certain quantity of drinks are loaded on each pallet.
- Goods are received into the warehouse and are automatically off-loaded with 22 pallets handled in around 90 seconds.
- The computer system automatically updates the inventory of stock as pallets are stacked.
- Distribution centres are usually centrally located, being near to motorways and main road systems.
- Soft drinks imported into the UK use rail systems as their main method of transport.

2.4 Promotion

- Promotions attempt to inform, persuade and influence possible buyers to purchase a product.
- The promotional techniques used are:

A Advertising

- Provides information and persuades
- Creates uncertainty about current suppliers
- Reinforces the idea that the new firm or product is best



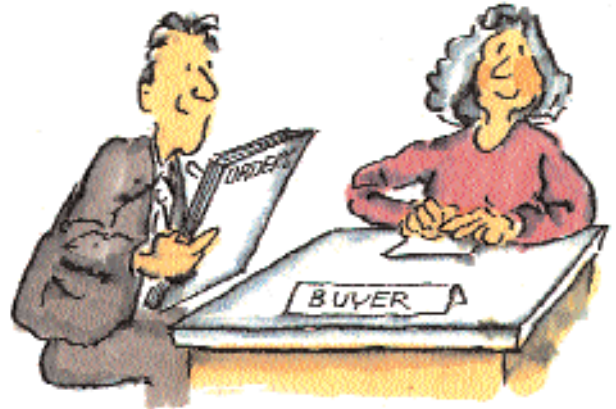
B Sales promotions

- Introduces new products
- Attracts new customers
- Maintains competitiveness
- Increases sales in off-peak seasons
- Increases trade stocks
- Encourages existing customers to buy more



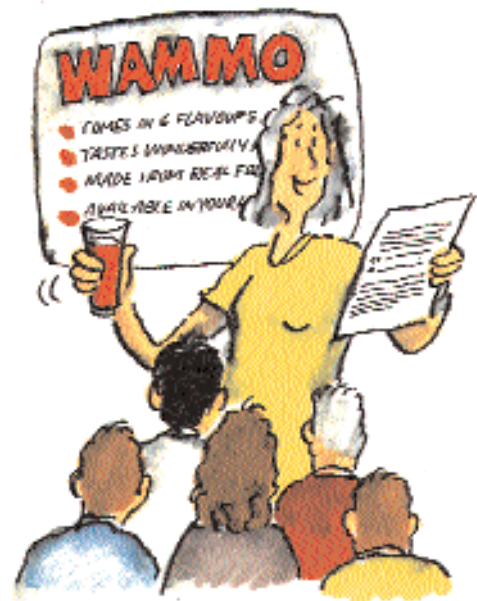
C Personal selling

- Involves personal meetings
- Is when the salesperson persuades
- Helps good buyer-seller relationships



D Public relations

- Covers the whole image of the company, the product and its people
- Aims to give information to the customer about manufacturing practice



3. CATEGORY MANAGEMENT

- Category management means managing the product effectively.
- In terms of soft drinks, this means which products should be included on the retailer's buying list, where they should be located in the store, when they should be in store (some drinks are more popular at certain times of the year) and how they should be displayed.
- Soft drinks companies work with retailers to help them display most effectively the drinks that consumers want to buy, making the most of the limited shelf-space.
- In developing plans the retailer and supplier focus on the 'consumer' of the category (e.g. the person who uses, drinks or consumes the products) and the 'shopper' (i.e. the person who actually buys the products from the shop).
- Ultimately, the final decision in terms of how the category should develop within the store lies with the retailer.

