

## **Assignment 2**

### **Marketing**

#### **Introduction**

We have been given a work placement with a local marketing firm who have accounts with a number of clients. Each client is engaged at various stages in the product development process. We are to analyse two products of our choice then propose and suggest appropriate segmentation criteria, then for one of those products devise a suitable marketing mix. We are also to describe how aspects of buyer behaviour can impact on the consumers in the target markets.

#### **Task 1**

The two products we have chosen are, Coca Cola and Lynx male body deodorant, for these two products we will recommend appropriate segmentation criteria. The purpose for segmenting a market is to allow the marketing or sales teams to focus on the consumer groups that are most likely to purchase the companies product. If carried out properly, this will help to insure the highest return for the marketing and sales expenditures.

Depending on whether an organisation is selling or offering to individual consumers or a business, there are definite differences in what an organisation will consider when defining market segments. Firms can break the market they are operating within, in to the following:

- **Geographically** - by country, region or area
- **Demographically** - according to the age structure of the population, social class and income levels
- **Behaviouristically** - according to the nature of the purchase, the use the product is put to, the loyalty to the brand etc

The above is what we will be analysing Coca-Cola's and Lynx's segmentation criteria with as we feel that it covers all that is necessary to carry this task out.

Market segmentation is very important because it can gain the organisation a competitive edge especially today where markets have a wide variety of products needs and preferences. Due to this research Marketers can respond a lot more effectively to increases from competition by defining customer's needs. By defining customers needs the decision makers of an organisation can define objectives and allocate resources a lot more efficiently.

#### **Coca Cola and Lynx**

More than a billion times every day, thirsty people around the world reach for Coca-Cola products for refreshment. Their promise to the consumer is to deliver the highest possible quality. It involves a worldwide, yet distinctively local, network of bottling partners, suppliers, distributors and retailers whose success is paramount to their own.

Lynx values the total deodorant market at €38.4 million. Male deodorant sales are growing by 5.0% p/a. Lynx dominates the male deodorant market with a 52% value share, and with men now becoming much more image aware these figures are sure to increase in the future.

A SWOT analysis is a useful means of examining the relationship between an organisation and its marketing:

### **Coca-cola**

**Strengths:** Is the pioneer of the soft drink industry also they are the benchmark to which all over companies in the market operate. They work on a broad worldwide basis.

**Weaknesses:** Is considered to be unhealthy in an ever conscious health society.

**Opportunities:** Diversification in to all other areas such as collectable memorabilia, clothing etc. Also with the popular new drink, Powerade which is a very popular sports drink.

**Threats:** Pepsi is the closest and only real threat to Coca-cola as it has been established for quite some time.

### **Lynx**

**Strengths:** It is the major male deodorant with a 52% market share.

**Weaknesses:** Has to target the other groups as well, such as older males.

**Opportunities:** Could diverse into female body deodorants as it has a very established name in the male body deodorant industry.

**Threats:** Already well established companies such as Adidas moving into the pharmaceutical industry.

### **Geographic**

Geographic factors are fairly clear and prone to be taken for granted. But while they have received very little attention in the USA they have however been the focus of considerable interest in the UK as this is evident in the development of ACORN (a classification of residential neighbourhoods), which we will mention later on in the sub-section Socio-economically.

When investigating geographic variables there are some main variables that an organisation should look at: **The region** of a country doesn't really seem to be a problem for a products such as Coca-cola and Lynx as they are easily adaptable to any part of the country, so for example in the UK these might be England, Scotland, Wales, Northern Ireland or at a more detailed level, counties or major metropolitan areas.

**Country size, City size and density** also play a major part of the geographic variables as this is a significant factor when both Coca-cola and Lynx are trying to work out how much time and effort to invest in certain areas. It won't be very efficient for Coca-cola to invest as much time and effort into researching areas such as remote villages as they would for somewhere like London, this is because they will receive a much greater return from London as there is a much larger consumer base there, so they will be aiming to attract a much larger audience.

Also certain countries are assumed to have common characteristics which influence buying attitudes, such as the USA who are infamous for their love of junk food and soft drinks, so it would be advisable to offer larger quantities at cheaper prices.

**Climate** is another geographic variable, when Coca-cola is concerned they see themselves as bringing refreshment to people. So they will aim to increase their profile in times of people needing refreshment, for example in hot countries such as Australia or in the UK during summer time Coca-cola will tend to advertise their product and suggest promotions to their outlets to boost availability and knowledge of the product as they seek to 'refresh' people. Lynx also aims to target the hotter areas of the globe and certain areas during summer periods as temperatures rise. This would result in higher body temperature and bodily odour. Using Lynx will reduce this odour and provide a better smell.

### **Demographic**

Demographic segmentation consists of dividing the market into groups based on variables such as, **age, sex, income, occupation, education, religion, race, nationality and family size.**

The demographic for Coca-cola is very broad as it is a product that appeals to everyone and anyone really. **Age, sex, income, occupation and education** don't really apply to Coca-cola as people from all walks of life enjoy what their product has to offer. On the other hand these factors do affect Lynx because it is a product that is aimed at the younger more fashionable generation, also as it is a male deodorant the product is not aimed at females but as for income, occupation and education it is a quite widely accepted product.

However **religions, race and nationality** are quite an important variable for Coca-cola but not for Lynx on this occasion. For example, the majority of the people around the world celebrate Christmas and with the holiday season becoming ever more commercialised a lot more brand names are succeeding over that period. Coca-cola is the same as there is a huge boost in advertising their products over that period.

**Social class** has a major impact on marketing as different class systems have different tastes and preferences. The social economic groupings are split up into:

- A – Wealthy-Top earners
- B – Professional
- C1 – White collar skilled
- C2 – Blue collar skilled
- D – Unskilled
- E – Subsistence level

So as you can see from the above an unskilled worker will obviously not have the same spending patterns as a wealthy top earner. However with products such as Lynx and Coca-Cola all levels of society can enjoy these products.

### **Behaviouristic**

Behaviouristic segmentation looks at how effective the marketing can be and the fact that it must address the needs of the normal consumers that they are attempting to satisfy, as customer satisfaction is paramount. Without **satisfying the consumer's needs and wants**, using the example of coke, if it was discovered to be not as refreshing as another leading brand they would lose their consumers as they have not satisfied the consumer's needs and wants.

The next variable that Coca-cola and Lynx should then ask is, **should we segment people or their consumption occasions**. This highlights the point that we made earlier about different occasions to inject their product into the market, such as certain festivities like Christmas time in England or Thanksgiving in the USA. These occasions would generate excellent revenue for a Coca-cola, as for Lynx it is often given as a gift to male gender at Christmas time.

We must also look at **Usage rate** of the product and we can divide these up in to non-user, ex-user, potential user, first time user, regular user, light and heavy users. With a product such as Coca-cola and Lynx, they are pretty much an everyday product anyway and it's only really a matter of consumer's personal tastes and preferences that will alter a variable such as this one.

**Loyalty status** is very important with products such as Coca-cola and lynx as they will be looking to keep their consumers once they have gained them. This is because they are both in very competitive markets. As a result of this consumers just repeat purchase purely as they enjoy what both of the products have to offer and they see themselves as the benchmark of their respective industries.

**Marketing factor** is a very important variable as this concerns the **price** of the product, **advertising** and **sales promotion**. The price is a very obvious variable in the soft drink industry because if a leading competitor (Pepsi) can offer their product at a much cheaper rate Coca-cola will lose their customers. The same goes for lynx, if there were a similar scenario they too would lose out to a leading competitor such as Rightguard. Advertising is also a very important element to being successful because it wants to create a positive image and correct awareness of the product that is seen as being suitable for their product.

From the analysis above we have discovered that Lynx has to have a more precise target group for marketing compared to Coca-cola. The Lynx target group seems to be young males of which is clearly demonstrated within their adverts. The image that is being portrayed is that of a fashionable, trendy and irresistible towards women. This seems to be a growing trend as more and more young men and women are becoming more aware of their image and cleanliness. As a result of this the deodorant market is also growing.

On the other hand, Coca-cola appeals to everyone no matter what age, gender or social background. There are minority groups such as those who eat and drink healthily but a very small number who will not affect sales. On the whole, the major difference between these two companies is the size of market they target. Coca-cola operates on a large scale to hundreds of countries where as Lynx has a smaller group of young males to target.

## **Task 2**

Faced with competing products, it is important for companies to understand how buyers go about choosing between the alternatives. A thorough understanding of buyer behaviour should be reflected in changes to product design, pricing, promotion and distribution.

Buyer behaviour can be analysed through using Kotler's theory of the 'Seven O's of the Market Place'. For an example, Ice Cream can be marketed using buyer behaviour. If this method is used correctly an organisation should be able to maximise sales.

### **Occupants – Who is the market?**

The market is everyone and anyone. There no real targets for ice cream sales as it appeals to the majority of people. There is a chance that the younger age groups are targeted through use of child programme characters being placed on wrappers, ice lollies shaped into the characters shape.

### **Objects – what does the market buy?**

The market buys Ice Creams of all styles and flavours. These products can come in small forms such as the size of a chocolate bar or ice cream can be brought in large bulk size quantity which works out a lot cheaper. There are specialist ice creams which are made in a specific way and can only be brought in single form of as a pack.

### **Occasions – when does the market buy?**

The major season for ice cream sales is over the summer period. Any other time during the year, UK residents especially like to consume warmer products during our cold weather. The only time ice cream is brought during the winter is purely for deserts. In the summer time, ice cream becomes a major buying product of which most people consume. This is due to the weather.

**Organisation – who is involved in the buying?**

The all ages are involved in the buying of ice cream during the summer period. Although a child is not likely to enter a supermarket and purchase an ice cream, a child is likely to approach an ice cream van to purchase an ice cream. Also, many older generations participate in the consumption of ice cream during the summer period.

**Objectives – why does the market buy?**

The market buys simply because the weather is warmer, people are out and about and the participation of physical activity also rises during the warmer period. This results in the need for refreshment and a cooling sensation. What better way than an ice cream.

**Operations – how does the market buy?**

During the winter months, the purchase of ice cream is mostly from supermarkets who offer a whole range different ice cream product. In the summer, smaller retailers open up and the distribution of ice cream becomes more widely available. This is a result of the demand. For example, on the Isle of Wight of which is a major tourist area, the number of outlets selling ice cream increases dramatically! The demand is so much that it becomes a successful seasonal trade.

**Outlets – where does the market buy?**

During the winter ice cream is mainly sold at supermarkets pr through smaller stores such as Spar and Alldays. During the summer the number of outlets increases radically. Everywhere from stores to small cafes sell ice cream. Ice cream vans start to appear, small ice cream huts along the beach and even schools sell of ice cream.

Other aspects of buyer behaviour which can have an impact on the consumers in the target markets are;

**Social Class**

This is the grouping together of individuals and families who have certain common social or economic characteristics. This can be distinguished by behaviour patterns, occupation, education or income. In order to separate these groups they are divided into social economic groupings;

**A - Wealthy – Top Earner**

This is the Aristocracies of the Country and the extremely wealthy. Luxury products and items such as Rolex and Bentley are usually targeted for this group as they have a much greater level of disposable income.

**B – Professional**

These are the business men and women who are successful and own some wealth. They are targeted for luxury items but also other slightly lower range products such as BMW.

**C1 – White Collar Skilled**

White collar skilled people are the managers of our work forces. On a slightly higher than average income they are targeted for everyday products.

**C2 – Blue Collar Skilled**

Blue collar skilled people are the workforce that supplies our products and services. On an average income and once again targeted by everyday products.

**D – Unskilled**

The unskilled work force is that of workers on a low income. The products which target them are the cheap and cheerful. For example, Tesco Value products.

**E – Subsistence Level**

These are the members of the society living off of the country and get provided with money and a house. Mainly on the doll or very low incomes, they are targeted for the cheapest products around.

The above re-emphasises the trends of buying from different social classes, for example, you will never find the likes of a wealthy top earner shopping at the Co-op for bargains as you will not find people from the subsistence level shopping at Harrods or driving around in a Bentley unless there is something seriously unofficially happening.

**Reference groups**

Marketing groups not only target one group but individuals as well. The behaviour of buyers can be in a sense dictated by those who lead them. Therefore, it makes sense to target those leaders. These leaders can affect others by;

1. Influencing a change in image and attitude – for example, David Beckham is seen as a role model and an idol for most youngsters. Brylcream hair products recognised this and used David Beckham as their promotional tool to attract young males into using their products.
2. Expose other individuals to new behaviour – once again, high profile sportspersons are used to attract others into buying items of sports wear (High profile sportspersons are great marketing tools).
3. Create pressure to conform – this is most apparent among the younger generation as having yesterday's fashions is seen as un-cool and in an ever materialistic world, nobody wants to be un-cool.

The recognised leaders that can alter a persons buying behaviour tend to be friends and family and manage to perform many roles:

1. Information gather – first to hear what’s new and spreads the word and therefore generating knowledge of the product.
2. Influencer – can influence others into thinking about a product, this is usually carried out through word of mouth.
3. Decision maker – can even influence the decisions made by others. This would be peer groups such as friends and family.
4. Purchaser – can be the purchaser and take advantage of the product that is offered to them.
5. Consumer – can be the consumer and make full use of the product offered to them.

In conclusion persons buying behaviour can be affected by many factors such as the one mentioned in the above. A huge contributory factor to a persons buying behaviour today is mainly due to society becoming ever more materialistic and tending to judge a person not for their inner-self but for what they own. A lot of people can make pre-judgements of a person and how successful they are by just looking at what they are wearing. So with this in mind nobody wants to give a bad first impression.

Due to this materialism people are willing to spend more in order to achieve these images that they wish to portray.