

# Marketingconclusion flashcard



**ASSIGN  
BUSTER**

There are various key issues present with regards to the marketing plan of Vitality. These were detailed in Part A of this report. These various issues that are present will guide the numerous marketing strategies that will be detailed in this section of the marketing plan. Perhaps the most important of these key issues present is the issue of how Valley will gain and market a competitive advantage over competitors' products.

There are currently various energy-drink producers, which have a large market share in the niche that Vitality is aiming to sell to and subsequently dominate. (Centerpieces. Com, 2014). The competitive advantage that Vitality offers is a natural and healthy alternative to current energy supplement products and as such this will need to be heavily marketed in order to ensure success in the target demographic. Another key issue that is present with regards to the marketing plan of Vitality is the low percentage of Innovators willing to try new products (see Figure 1 Figure 1. Consumer Adoption Categorization (S; m-a-r-t. Mom, 2013). With this group of innovators and early adopters being so low, it is crucial to entice these innovators and early adopters would mean a failure to gain any traction on the quest for significant market share. Making this issue of attracting innovators and early adopters of even greater importance is that fact that the Vitality product is in pill form; a form that current consumers in the energy supplement market are not entirely familiar with. A third key issue with regards to Vitality's marketing plan is the lack of face-to-face customer interaction that is present due to the use of an E-business model.

This lack of personal customer interaction may be harmful in the pursuit of repeat customers. However, this can be overcome through successful social

media interaction. Another issue arising from the use of an E-business model is the inevitable uncertainty some consumers may experience when purchasing the product online. This potential uncertainty can be overcome by building an excellent reputation with innovators and early adopters, through both effective distribution and the offering of a quality product.

Other issues present that will guide Valley's marketing plan are; the potential frugality of the student demographic, government regulations on the production of the offering, and monetary pressures arising from the beginning of a new business. Successful management of these key issues is crucial to the success of Vitality. The Vitality marketing plan will outline the various strategies that will be used to help Vitality gain traction in the target demographics and subsequently build a loyal customer base from which to acquire a significant market share.

**Branding** The value proposition of Vitality is to introduce a new product aimed at young consumers that are busy, motivated and concerned about their wellbeing. Vitality is intending to attract these consumers as this product is a first of its kind, an offering that enables one to do away with unhealthy energy drinks and in return, receive a higher quality and more effective boost of energy with the added sustenance from added natural vitamins and minerals.

Vitality has developed a positioning statement to target and attract this segment: ' To the busy, motivated students and professionals that need every moment in their day, Vitality is an organic energy supplement that will allow you to go away with unhealthy energy drinks, in return for a greater

energy it that will provide for a better, more natural and healthier you'. The Vitality logo is anticipated to be simple and to the point (see Figure 2. ). With the simplicity of this logo, it is proposed that the Vitality logo will not only be recognizable by name but also by the minor logo of the three leaves.

The three leaves represent energy for the body, energy for the mind and energy for the soul- the three components that vitality ones day. The choice of color for the Vitality logo is extremely important as studies have shown that color is noticed by the brain before Communications Ltd). As the Vitality brand is a natural health product, the color ' lime green' was chosen for the company logo. Green was chosen as studies have shown it has a primary association with nature, thus creates feelings of security and also has a connection with natural elements such as organics and the outdoors.

Albuquerque & Milne 2011, p. 714). By using one color it is ensured the logo can be printed in black and white, as Vitality is environmentally conscious and intends to save money by printing black and white when possible. Figure 2. Vitality Logo Marketing Mix Strategies Product Vitality energy supplements will come in a pill form, with each package containing 20 pills. The pills will be packaged in recycled cardboard and graphics will be printed with the use of vegetable based inks.

Vitality will also promote augmented products such as telephone and online support for queries relating to the products. A " satisfaction guaranteed" promise, where customers will be able to obtain a refund if not completely satisfied with the Vitality product will also be available. The satisfaction guarantee will be used to send a strong marketing signal of quality and ill give Vitality a greater incentive to gain a competitive advantage over lower

quality and unhealthy products, such as Red Bull energy drinks (Meyer, Griller & Howsoever 2014, p. 151).

Satisfaction guarantees have been proven to increase product interest by giving the customer a perception of reduced financial risk in which helps reduce objections to buying the product and thus, increase the probability of purchase (Boohoos 2003, p. 42). Price With the inherent frugality of students, a significant part of the target demographic, it is crucial that the Vitality product is priced competitively. Vitality energy pills will be priced at \$19.95 for a package of 24 pills. After the initial month-long half price promotion, Vitality will focus on a value-based pricing strategy in order to compete in this growing industry.

Customer value-based pricing uses not the seller's cost, but the buyer's perceptions of value as a fundamental guide to the final price of a product (Tombs & Pearson 2013, p. 438). Vitality will be using value-based pricing strategy as it will be competing with two different markets- energy drinks such as Red Bull and multivitamins such as Swiss. By providing a pill that not only gives an energy boost but also multivitamins, Vitality will be promoted as a substitute for both of these products. It is anticipated that Vitality will be seen as a good value choice- an important aspect for Vitality's young, tech-savvy target market.

Distribution Vitality will be produced in Australia and distributed to consumers direct from a warehouse, based in Milton. As Vitality will be an online business, it is inevitable that many customers will experience a degree of uncertainty when purchasing Vitality products. To combat this,

Vitality will use Australia Post to distribute products and mono fault for online businesses and can be a leading cause to damages to a company's reputation (Sister 2004, p. 448). As Vitality products are a relatively small product, it is at the company's advantage to promote free postage benefits. A single package of Vitality supplements will cost \$5. 0 to post to metropolitan areas nationally, thus, any buyer who makes a purchase of one or more of Vitality's products will receive free postage across Australia (Australia Post, 2014). Products will be dispatched daily at pm to ensure most orders for the business day are dispatched for delivery on the same day. Promotion Sales promotions can be described as a short-term stimulant that encourages consumers to buy the promoted product now (Tombs et al. 2013). As part of a short- term launch promotion, Vitality will focus on a penetration strategy by offering consumers half price products for the first month.

By ' liking and ' sharing Vitality's Backbone page, the user will receive a special 10% discount code to use for the purchase of Vitality products. Penetration strategies are based on low prices, are most effective with younger demographics and are especially recommended for companies aiming to encourage demand of new products and therefore expand its racket (Sherries 2012, p. 182). If the penetration strategies are executed correctly, it is expected that the lowered prices will be a contributing cause to a high future demand. During the pre-purchase stage in the promotional mix, advertising is the most important promotional tool.

Given that initially the customer loyalty will initially be non-existent, the priorities of the promotional material will be to create awareness and

knowledge of this new product. This will be achieved by integrating a rational appeal message into the following media: Free samples Promotion could include distributing free samples to university students in an attempt of gaining awareness from the student market. Students are generally the lower income earners hence are less likely to make risky purchases on products they are unfamiliar of.

By offering free samples, they can be sure that they are satisfied with the product before purchasing, giving reassurance. The timing of this promotional activity would be four times a year at various locations which will enable the reach to be as large as possible given the promotion budget limitations with this being a labor intensive task. The reach of this promotion will also be the highest at university as all of the students hence potential customers are located in a densely populated area which gives them a greater chance of gaining awareness and taking a sample of the product.

**Billboards** It is claimed that 4 in 5 people notice billboards as they pass them. (PAN Outdoor, 2014) Therefore by placing in the billboard in locations whereby they are likely to be to the majority of people working in the corporate workplaces. Even though this is the specific demographic in mind that is being targeted, the reach of this media is significant due to the sheer amount of people of varying demographics passing by his billboard.

The objective of this media is to increase awareness of this product for people who do not know this product exists by designing an advertisement whereby the name Vitality stands out in addition to an indication of what the product is, without overloading the consumer with excess information that

they are unable to process. Billboard will be utilized to initially provide awareness which is why there will be one billboard advertisement each for the first and second quarter. The billboard will be in a different location for each quarter in order to determine which location is more successful.

**Social Media** Given that Backbone is the world's most popular social media platform with 1.31 billion active monthly users (Backbone, 2014), it will be utilized to promote general product updates, newly released products, sales as well as featuring discount codes for online shop. Awareness of the social media pages will be achieved by linking it with the billboard and newspaper ads which will mention "Like us on Backbone" in those media so that the consumer can find out more about Vitality by accessing the Backbone page. Renault and Renault, 2014) Backbone also serves as a platform for immunization with the company whereby if a customer has any queries about the product, which may occur given that this is a unique product, a representative from the company is able to respond in a casual, informal context which will support Vitality's philosophy of being a local Australian business with consequently good customer relations. Instating has 200 million active monthly users and is primarily used for the sharing of photos. Teleprompter Ltd, 2014) The images posted to the Vitality's page do not necessarily have to be of the purchasable goods themselves, but the general lifestyle associated with the Vitality line of products such as inspiration, motivation etc in the same way that on the Red Bull's profile, a leading energy drink company, the drinks themselves are seldom posted, but merely photos depicting extreme sports and such to promote the active lifestyle the brand endorses.



The aim of this medium is for people to be attracted to the Instating page for the photo content it possesses, with knowledge of the actual Vitality energy supplements being a bi-product of this popularity. The Instating profile will include photos of the business operating such as activities at the Brisbane premises as well as featuring the surrounding region of Queensland in order to convey the fact that the business is locally owned as well as being honest and upfront about their operations.

By advertising our locality to the Brisbane region, this gives a competitive advantage to Vitality as we believe that local consumers would be more willing to support a local business rather than an overseas company. Vitality will hold a contest titled “ Show us where you’re being Vitality’s” encouraging those consuming or intend to consume Vitality products and get creative for a chance to win a year’s supply of Vitality products, with a year’s supply being 500 pills.

By contestant uploading the photo, the photo and the tagging of Vitality will be visible to their Instating followers, further increasing brand awareness while from the company’s perspective, Vitality will be able to gather information in regard to who is using the products as well as how and where they are being used which will be beneficial to the tailoring of the product line in the future to suit the consumer’s demands. Newspaper The Courier Mail and its accompanying Sunday mail are the second highest selling roadsides newspapers in Australia, hence will be utilized to advertise in Vitality’s home state of Queensland.

Out of the 503, 000 readers from Monday to Friday in 2012, 180, 000 were aged from 25-49 compared to 273, 000 49+ readers which indicates that while social media will be used to attract the younger market, the newspaper, in particular The Courier Mail will have greater reach to the older population. (Roy, 2014) Placing the advertisement in specialized pages such as the health and lifestyle will enable it to be more conspicuous to a demographic potentially interested in the health benefits of Vitality products, while placing an ad in the finance section will appeal to commercial employees who may only read that section of the newspaper.

Therefore, to maximize the reach of the ad to potential customers, it is imperative that the ad is placed in a relevant section in the newspaper. Newspaper ads will be present throughout the entirety of the first year, making weekly appearances in the newspaper. This is because if the ad is viewed by the consumer once, they may not pay attention to it, however if the ad is reoccurring, the reader has a greater chance of closely examining the ad and what it has to offer. Action Plan Refer to Appendix 1 Media Objective Timing Responsibility Cost Backbone Most people have Backbone. Easy access for consumers It's free it's easy to use Give news updates in regard to the company such as new products as well as providing discount codes for use on the online store. Constant PR Manager \$25 an hour. = \$4563 in labor per year Instating Upload pictures which represent the ethos of the company such as healthy living, motivation in addition to providing an insight into the operations of the company. Also hold contests whereby people are asked to upload where they use their Vitality products (office desk, outdoors etc) for a chance to win a one year supply of Vitality.

Constant profile Contest twice a year Assuming similar scenario to Backbone page. = \$4563 per year Inventory awarded as prize for contest: 1 year supply is 500 pills. Assuming each pill costs ICC wholesale. Prize is awarded for two contests. \$250 each contest \$500 total per year for contests Website advertising. To reach out to the commercial market among others, have banners on websites such as Yahoo Finance for example with links to the Vitality's website in order to create awareness of the product, then provide information on the product if they click the link. Constant with 3 websites.

Marketing Manager One Page= \$299 per month Two additional pages = \$299 = \$598 per month. = \$7176 per year Newspaper such as the Courier Mail or Sudsy Mail is accessed by a wide range of people. While the younger consumers tend to use social media, the newspaper is utilized by the older demographic. Place ads in sections of the newspaper such as the Health and Wellbeing pages or the Finance type pages to attract consumer groups that would be interested in our product. Once a week for column ad. Once mid year for a 1/4 page ad. Marketing Manager Column ad = \$60. 62 on weekdays. 52 weeks = \$3152. 24 \$8864. 24 per year Billboard

Advertisements placed in locations visible to people commuting into the city on their way to work. Creates awareness of the product in the brief encounter with the ad. Reported that 4 in 5 people notice billboards which will guarantee a large reach. One exam billboard for first quarter, another billboard in a different location for second quarter Marketing Manager and Graphic Designer First quarter = \$3250 second Quarter= \$3250 = \$6500 per year Free Samples Give the consumers first hand experience of the Validated line of products.

Free samples to be distributed at universities to have access to a large portion of the dent market. Quarterly Hired staff to distribute samples 3 staff for 5 hours at \$25 an hour each 4 times a year. \$1 500 in labor. Per year Assuming they hand out 1000 pills each time and pills cost ICC wholesale, \$2000 in inventory. Total Promotional Expenditure \$35, 666 Remaining budget from \$40, 000 reserved to account for inaccuracies in regard to estimations such as labor costs.

Controls and Contingencies The sales turnover as a direct result of a particular advertisement is measurable for some media such as the use of a discount code while for others such as a billboard, there is no way of obtaining accurate information. A very simple survey at the checkout on the online store could be utilized with the question “ How did you find out about Vitality? ” accompanied by a drop down box containing a list of the promotional media used to advertise the product in addition to other influences such as colleagues or friends and family.

This survey will not be compulsory in order to not deter consumers away from the purchase if they do not wish to complete the survey, however it is intended to be simple enough that the customers will complete Assuming that the aforementioned survey at the checkout of the online store is spooned to by customers, we should be able to get an indication of what promotional media are successful at gaining the consumers attention and leading them to eventually purchase the product.

The figure that will be derived from these statistics will be the percentage of sales generated by promotional media versus the percentage of the

marketing budget allocated to said media. While the gross figure for sales is dependent on other variables such as economic climate, the ratio between sales and cost of advertising can be used to compare the of multiple advertising media.

For example, if billboards are consuming 20% of the marketing budget and are only accounting for 5% of sales, it may be time to analyse the content on the billboards, the placement of the billboards or simply divest in that form of advertising and allocate funds to a more profitable form of advertising such as newspaper or social media contests. An additional method of tracking the success of promotional media will be through the redemption of discount codes.

Discount codes will be at times issued through the Backbone, Instating, as well as Newspaper mediums, with each discount code being unique for each medium, despite having the same value, for example 10% discount at the online store. Therefore the amount of discount codes redeemed at the online store for each respective advertising medium will give an indication of the popularity and hence success of elements of the promotion strategy.

Liabilities, 2014) As a result of their minimal investment monetary wise, the social media profiles including Backbone and Instating will continue indefinitely with the only reason to terminate activity on these platforms they lose popularity and are replaced by a new form of social media. In the mean time, the popularity of Vitality's social media presence can be simply determined by the amount of Likes or Followers. The PR

Manager will occasionally call for feedback from the users of these social media platforms in order to determine what type of content they would like to see on our page, such as whether they prefer more lifestyle related photos, more information on Vitality products or more updates about the company. Conclusion The Vitality brand faces many marketing problems on the pursuit of dominance in the energy supplement market.

The marketing problems that have been identified through this report include; strong competition in the target market, potential uncertainty with regards to the adoption of a new and unique product, potential uncertainty with regards to the use of an E-business model, prudence amongst part of the target demographic, and various issues with gaining a loyal customer base that arise with the origin of any new business. This marketing plan provides effective solutions to these various issues.

The brand will become competitive in the target market by providing a natural and healthy healthy and organic energy supplement is highlighted by the Vitality logo and slogan. Potential uncertainty with regards to the adoption of a new and unique product is solved by offering consumers' a "satisfaction guaranteed" promise, whilst uncertainty stemming from use of an E-business model will be solved by creating excellent brand reputation through the effective and efficient distribution of the product.

The product is priced competitively, allowing for those in the lower-income demographic, such as students, to become adopters of Vitality. In addition to these marketing issues relating to the success of Vitality there are also recommendations provided for the various issues with gaining a loyal

customer base. Sales promotions such as free samples and an initial half-price promotion are to be used to entice consumers to try the product. Furthermore, a range of diverse advertising campaigns and effective management of consumer relations, such as through social media, will be used to attract consumers and to gain loyalty.