

Marketing assignment – ben and jerry's essay sample

[Food & Diet](#), [Coffee](#)



Coffee in Denmark is a very popular and growing product. A lot of brands try to make it at this market, but it's tough because there are a lot of competition and the prices are very low, so if you're not selling a exclusive or unique product you're not going to make a big profit. The big companies who are retailers at the market compete with each other, but also with all the cafés in example Copenhagen. A lot of people go to these cafés to have a better quality coffee and have a cozy time while drinking the coffee, than the coffees you can buy in the supermarkets.

In 2011 there were a very strong increasing in the unit price of the coffee. The unit's prices for fresh-grounded coffee increased with 29%, which is a huge gain. The context between the expensive global and retail prices is caused by several factors. The factors are bad harvests, the consumer's speculations and the increasing payment to the growers contributed.

Although the higher prices of coffee it's still the favorite hot drink among the majority of consumers in Denmark, but because of the financial crisis the Danish consumers became conscious with their money and how they wanted to use them. Especially the crisis in the southern Europe had a negative impact on buying behavior, and in the consumer's expectations in Denmark. As a consequence the Danish consumers decreased their spending on coffee in 2011.

Standard fresh ground coffee remained its popularity as the biggest category in Denmark in 2011. Instead of the old coffee filter machine Danish people's consumption on espresso machines and pod machines has been increasing the last few years. These innovative machines can make other kinds of coffee for instance a latte or cappuccino, and people are demanding these

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kinds of coffees instead of just black coffee. They want alternatives to the cafés, who are a lot more expensive than the new machines eventually. The increase in sales of fresh coffee beans and fresh ground coffee pods has cost a decrease in the sales of standard fresh ground coffee, as a consequence of the new products popularity. Although they got more popular on the market, the variants are still limited in Denmark. The most popular and selling brands are the Tassimo from Kraft Foods Danmark A/S, Senseo from Merrild Kaffe A/S and Dolce Gusto from Nestlé Danmark A/S. Because of the limited selection the companies are forced to sell their products on the Internet, where there are much more variants available.

Also another new product dominated the coffee market, that is the instant café latte, espresso and cappuccino coffee, which also got more widely distributed on the market in Denmark.

An important trend is also the small specialist coffee shops in Denmark; most of them are located in the city, mainly in Copenhagen. Their sales are increasing due to the rise in the consumption of espresso and other espresso based drink.

Merrild Kaffe A/S is the leading brand on the coffee market. The company are well established and have a strong position due to it's widely distribution network and their reputation, which is very good. The consumer's perceive the company is a company with strong loyalty.

SWOT Analysis for Dolce Gusto

Strengths

The machines are a good combination of user-friendliness and at the same time good quality. The machines are very simple to use and the customer don't need a broad knowledge to use and know the machines. The machines are also very compact, they don't need a lot of space as other advanced coffee machines. The designs and different machines also make it easier for the customer, because they can choose the machines that fits them the best. Nescafé is a subsidiary of Nestlé. Nestlé is a very old and experienced company on the market and they have been for a long time, that's why they have a very well known company.

Weaknesses

Nescafé are not very good at promoting Dolce Gusto. I have not seen a commercial for Dolce Gusto ever. Especially compared to Nespresso, which also is a subsidiary from Nestlé. Nespresso have used Georg Clooney whom is a very well known American actor, in their TV-commercials. The variety of capsules in Denmark is also limited compared to other countries. The customers have to refill the capsules, and that is an expensive weakness for the concept.

Opportunities

There are a big demand for homemade coffee that gives the opportunity to expanding and developing Dolce Gusto's products. It's also good quality coffee, which means that they can apply for the premium coffee drinkers, and not just the normal coffee drinkers. They can also open more shops; these are quite limited right now. Dolce Gusto is in process of getting

recycling pods, and that's a big opportunity to get more environmental friendly.

Threats

Dolce Gusto has many strong competitors, for instance Senseo. A product which is a very strong competitor can be Fresh grounded instant coffee, the customers doesn't need to buy an expensive machine to make good coffee. Also the local coffee is a big threat for the Dolce Gusto. Today people are more concerned about the environment than ever. That means that the potential customers choose the local coffee instead, because they want good coffee, which is not supply that much. It must come from a local brand, and not a big well-known brand.

Ansoffs Growth Matrix

Market Penetration Product development

Market development Diversification

Market Penetration

Dolce Gusto could definitely use more money on promotion, which could give them a lot of new customers. More pods per package would also help, because people wants more from the product than it is right now. The senseo sometimes have 18 pods per package, which is a lot more than Dolce Gusto. At the same time the price is quite high, which means that the customers sometimes will choose the fresh-grounded instant coffee.

Product Development

Dolce Gusto could do the same as their competitor Tassimo does. Tassimo works together with a lot of well-known brands as Gevalia, Twinings, Marabou and Milka to create the capsules, that makes it a lot more wanted product. The price is almost the same as The Dolce Gusto. A development could also be to provide juice and soda in pods. All the existing capsules are conventional, if they want to apply to the modern customers who are environmental concerned they should definitely provide organic pods.

Market Development

If Dolce Gusto starts to provide Juice and soda it would also apply to children, which means that they could reach for a whole new target group. If Dolce Gusto lower their price they could also reach for other social classes than just the upper and middle class.

Diversification

A new market for Dolce Gusto could be linen goods. I think that they could get a lot of customers because they already have the trust brand, they don't need to make a reputation on the market, because people already know the brand. It would be good promotion for the company and they could combine the commercials with the food and their other products. The 4 P's - Dolce Gusto

Product

Dolce Gusto from Nescafé provides 5 different machines, in different colors. The machines are called Piccolo, Genie, Melody 2, Circolo and Creativa. The machines share the same easy way of using them. You only need 1 capsule

to make a good cup of coffee. Nescafé uses a professional-level 15-bar pressure system in their machines. It helps to ensure a great cup of coffee, while it also ensures a luxury flavour for the customer. The special system puts the customer in control of customizing the coffee's strengths and mixtures; this makes it possible for switching between hot and cold beverages. The system also makes it possible to warm up hot water in just one minute. The company has also used environmental thoughts while developing the machines, therefore the machines are energy saving, and have an automatic switch off function. They have also focused on the design while developing. It means that the machines will stand out on any kitchen counter. Dolce Gusto provides 16 different drinks which for instance can be: Café Lungo, Cappuccino, Cappuccino Ice, Latte Macchiato, Chai Latte, Chococino, Caffé Grande Intenso, Espresso, Caffé Americano, Mocha and Peach Iced Tea.

* Piccolo is the smallest of the 5 machines with a single-cup coffee solution, which is ideal for coffee lovers with a limited place in their kitchens. * The Genio has a digital screen prepare automatically before using. * The Melody 2 became the product of the year in 2010 and the size of the machine is much bigger than the Piccolo and the Genio. * The Circolo are the winner of the International Forum Design award for the most sophisticated style, it's mentioned that coffee never looked so good before. The machine also has Blue LED light to illuminate each cup of coffee. * The Creativa contains an automatic feature with a LCD screen. The machine can memorize your favorite coffee as a perfect preparation. Place

Nescafé uses a chain of wholesalers to sell their products. In Denmark that might be Inspiration, Kop & Kande, Imerco and other ironmongers. The target group for Dolce Gusto is a modern and trendy human, who likes coffee like it's served on a cozy café. It's for people who demands good quality coffee, which is easy and fast to make, for some it can be advanced to make a good cup of cafe latté or cappuccino, without a machine like Nescafé's. The machines and the capsules can also be brought on the Internet.

Price

The prices various from about 800 to 2. 000 DKK. The main competitors to Dolce Gusto are Merrild's Senseo machines, and Kraft Foods Denmark's Tassimo. The prices for the machines are almost the same, but Tassimo is a little more expensive. It's people who have money to buy a little more expensive luxuries than normal. And people who are aware of saving money in the long run, instead of using money on an expensive café. The capsules are a little expensive, and since they are not infinite the customers need keep refilling the capsules. The capsules cost about 46-50 DKK for one package, which contains 6-16 cups of coffee. The competitors' prices are almost the same.

Promotion

Dolce Gusto has a homepage. It's really good for researching, if you're a customer who wants to know about the brand and the products. The homepage is therefore really user-friendly. Nescafé wants to be more environmentally friendly. They are cooperating with the farmers, so the customers will have good quality, but at the same time be ensured that it's

produces with responsibility from bean to cup. They also want to reduce the impact of the lifecycles from packaging but also the machines.

My own opinion about the 4 P's

Product

The product is a very nice and well-developed product, in my process of making this assignment I almost got persuaded to buy a coffee machine. As I was researching I wondered why the 5 machines were that monotonous, I would not pay 1.000 DKK more just to have that little more functions.

Place

I think that there a great access to buy a machine, but I think that it would be a could idea if the opened a shop only for Dolce Gusto, like Nespresso has done. That would make it a more unique product. The target group is quite broad in my opinion, but I think it would be could for the product if the reach out for a lower class than now.

Price

I think the price for a machine is okay, I would consider buying the machine at this price. The pods are too expensive in my opinion; they could definitely get more customers if they lowered the price for the pods in my opinion.

Promotion

I think that Dolce Gusto should use the promotion more or at least in Denmark, than they do today. I would like to see more commercials on TV and in magazines. If they focused more on the promotion, I would definitely consider buying a machine, because I would be tempted. But I really like the

idea of combining the brand with the environment; I am very concerned about the environment myself, and I really like brands that focus on these problems.

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