

Strategic marketing case

[Business](#), [Marketing](#)



Crescent Pure Case is mainly about acquisition of Crescent by PDP in which market researches and customer surveys are realized in order to identify the best category for Crescent to be successful in United States. 1 . Given that Crescent is Pad's first entry in the US sport and/or energy beverage market, what must PDP do in regard to Crescent's pending launch? Crescent should do a market research to determine which market has the most potential for their product. Important factors to consider are market need, the market itself and the competition in the market Sport-drink market Energy-drink market Market need

It was estimated to be \$8. Lion in the United States in 2013 The largest group of energy-drinking consumers was males between ages 18 and 34. Parents of children were also more likely to consume energy drinks. The highest volume of energy drinks consumed was by respondents with a household income below \$25, 000 per year. Competition Glean and Drips had 73% and 21% market share, The remaining 6% of market share was split fairly evenly among roughly 20 producer Together, Fright, Razor, Torque and Stellar accounted for 85% of category revenue.

The remaining 15% was split between roughly thirty independent regional and sectional producers. Out of this market research we can conclude that it seems more interesting for Crescent to choose the market of energy drinks. Their brand image and their product is more similar to the perception that people have from energy drinks. Moreover most households that consume energy drinks have an income below \$25, 000 per year, while their drink is not really marketed to compete with the low cost energy drinks. 2. What factors should influence the positioning of Crescent? Textbook chapter 7-8-9)

Claude Hopkins, who is one of the most important milestone of advertising and arresting, says, " people should know who their competitors are, what the others offer and what the people want. " In light of this logic, in order to identify the positioning of Crescent, following factors should analyses primarily. Customer analysis Market analysis Environmental analysis Customer analysis should include definition of customer segments, inquisition of customer motivations and identification of unfulfilled demands.

For the PDP, natural, non chemical, low calorie Crescent product is able to be a good opportunity especially as a new product group in terms of unfulfilled customer demand. As a new entrant which needs leaping, Crescent natural functional beverage can generate a strong leverage effect in this market. Competitor analysis is the second phase of those analyses. In this phase, PDP should evaluate the competition from the broader perspective. As well as the competitors which are producing the same product, substitutes product producers should handle as well.

Competitors goals and strategies, product/production costs, reputation and position, strengths and weaknesses, institutional experiences are very important as well as innovation skills, reduction capacity, finance, management, sales and marketing and customer relationship. Market analysis is the essential guide for the PDP in order to positioning. Market dynamics, size, growth trends in 5-10 years should be understood well. They can decide the market share, profitability and such kind of goals in numerical base and steer the positioning in the market.

From the environmental analysis point of view, vital cases are healthy life desire, young population rate growth and green economy as the recent popular approaches in terms of consumers and economic and legal regulations as official. According to above analysis results, one of the basic elements of positioning and business strategy is sustainable competitive advantage. In order to identify the competition field, product market selection, competitor selection and pricing factors are the backbone based on assets and competencies of PDP. Value proposition of Crescent product should be visible, meaningful and sustainable.

Real, well-perceived and relevant customer value generation is critical. Customer must know and believe it because offering customer value is meaningful if the value is sensed properly by the customer. Furthermore, Ewing owner of reputable and prestigious brand is the most strongest advantage for sustainable competitive. If a good market share is desired, PDP should focus on acquiring an asset into the consumers mind for Crescent functional beverage and add the brand loyalty, perceived quality and brand association on top of the brand awareness of PDP - Crescent. 3. How is the market segmented?

At what segment should Crescent be targeted? Crescent may enter into three sub markets such as energy-drink, sport-drink and healthy organic market. Healthy organic market is quite new and very unpredictable impaired to the others. Energy drink market contains four main products and there is a big competition to get more share from the market. Sports drink market has only two main products while one of them has almost three/forth

of the market. A lot of small companies produce organic beverages but due to raw material scarcity they are not able to conquer big shares from the market.

The competitors are mostly local firms and they only serve to a small group of consumers. Crescent Pure holds a big large and stable. The market of energy drinks is the largest among the others and the total market value is \$8. Billion in the United States and it is growing rapidly. The big four competitors which are Fright, Razor, Torque and Stellar hold ? of the revenue. The rest of the market is split between other producers. Despite the market is large for the producers, the reputation of the energy drinks is decreasing due to the health and safety risks.

There is a big demand for the products which has lower caffeine and much purer ingredients. Healthier products can rearrange the shares of the products in the market. Sports drinks are mostly related with their hydrating and refreshing descriptions. Market has an interest from young generation and Gleam has s and Drip has ! of the market share. The rest of the share is split between twenty producers. Growth opportunities in the market are based on diet and low- sugar products but due to bad effect on child grow, government decided to remove high-calorie drinks including sport drinks from schools.

This decision creates a valuable opportunity for the Crescent to acquire the big market share but on the other hand the market can get smaller. Crescent has big opportunities for all markets but it will be much more logical to create a hybrid segment to divide the risks. Crescent may aim to master in

organic energy drink segment. Crescent's most important characteristic is being an organic product and all markets are evolving for healthier drinks. The general trend is containing organic ingredients and being ecological friendly, since consumers are looking for healthier products.

Crescent has a big chance to get a good market share with being both eco-friendly and healthy. If we consider the competitors and revenues of each market we can predict that Crescent may be a big competitor for organic energy drink segment. An informal consumer survey showed that consumers view Crescent as an "energy" drink. Perception of the product will be easily agreed by the consumers if Crescent decide to position itself as an energy drink while Crescent can easily advertise itself as an organic energy drink.

Combination of these two elements may create a boost in the promotion of their products and can lower the advertising expenses. 4. What are the pros and cons of positioning Crescent as an energy drink, a sports drink, or a healthy organic beverage? Positioning Crescent as one of the selections among energy drink, sports drink or a healthy organic beverage has specific different outcomes for PDB. EPDP though the product can be the same in all three options, different advantages and disadvantages are foreseen under these options.

All of those pros and cons rely on market researches, customer surveys and varying parameters. As a result of these varying parameters for each possibility; overall situation is quite different even the product is the same. Having a look at the for the case of positioning the product as an energy drink has three main pros. First of all, there's an incremental growth of

energy drinks among consumers. According to the Case Report, market for energy drinks had grown @ between 2010 - 2012 while stimatioestimation3 is \$8, 5 billion in the United States and forecasts of 2018 reach up to \$13, 5 billion as well.

Other than that people's tendency to consume energy drinks together with other drinks may also boost the positioning of the product. Price is another important pros since average price of energy drinks among the market for point for consumers' selections because people who has lower income than 25. 000\$ prefers to drink energy drinks. Competition with known brands is the biggest challenge in this aspect because energy drinks market is mainly shared by four companies who already hold ? of the revenues. One of the major cons is the health concerns.

Market researches show that of consumers started to drink fewer energy drinks than year before due to health and safety concerns. Even Crescent is set up healthier than other drinks, this would be a big challenge because changing opinions of consumers is not easy at all. When it comes to placing the product as a sports drinks pros are similar. According to customer surveys, consumers started to drink sports drinks as " any time beverages" not only associated with exercise. Surprisingly this idea is coming from B of sports beverage drinkers. This makes a good potential for sports drinks category.

Increasing demand for sports drinks in USA would definitely effect the product good. Related to that in 2012 market of sports drinks is \$6, 3 billion in United States and expected to reach \$9, 58 billion by 2017. Market

increase may definitely effect in a good way. As cons similar to energy drinks sections competition is the biggest obstacle in sports drinks category. Market researches show that ? of sports drinks market is already shared by two companies, moreover rest is shared by twenty companies. This definitely is the biggest challenge for the company.

Another challenging topic for sports drinks is the recently growing fear of childhood obesity may already be a result of these drinks according to government-mandated guidelines. As a result of this, vending machines are removed from schools in the beginning of 2014. This concern over sports drinks would be an important topic. Setting the product itself as a healthy organic beverage is different than the above categories because it is a new category for most of us. However Crescent may turn it around due to having a knowledge on healthy organic drink already.

This is important for many consumers since Crescent has an organic roduct certificareducehich shows that products do not consist of chemicals. As a result of recently growing organic trend, it is believed that many consumers can be satisfied with Crescent. However, organic production can be difficult for most companies due to not having so many organic producers for raw materials. Sometimes finding good, requested organic raw materials be difficult. And also organic production term has arisen in the last decade, so market researches and customer surveys may not be fully trusted.

Companies may make mistakes while depending on analyses of couple of years information. 5. Position Crescent Pure in the two perceptual mappings given in Exhibit 1 and 2. Also place the brands 'RedBull', 'MonstRedoublealu',

'GatoradeAnal d 'AStorage and the maps. Exhibit 1 . Hydration vs. Energy The cvs. e demonstrates Crescent as " a drink that would refresh, energize, and enhance mental focus. " Given this information, Crescent is most likely to be placed near the energy drinks on Exhibit 1, where energy is high.

Given another fact; Crescent's herbal stimulants delivering 80mg of caffeineMGM can, which is half the amount of energy Fright and Razor delivers, it is possible to position Crescent in Energy-High category, but half the magnitude of Fright and Razor. As there is close to no information regarding hydration component of Crescent, it is logical to place it as be seen as the red dot. Exhibit 2. Nutrition vs. Taste The cvs. indicates that Crescent's sugar quotient is 70% less than leading energy and sports drinks, on average.

Taken from this, it can be positioned at a lower position than " All Energy Drinks" regarding " Taste" criteria. It is also mentioned that Crescent is less sweet than fruit Juice, cola or other energy and sports drink, which decreases tastes, not necessarily affecting nutrition. 0 calories per can puts Crescent approximately 40% lower energy provider than a regular energy drink (i. e Redbull = 110 EaRedoubleper serving). As mentioned above, lowering calories, avoiding artificial stimulants, using organic ingredients and going healthier would slightly decrease " nutrition".

Although their brand image and their product is more similar to the perception that people have from sport drinks and fulfil these spefulfillneeds while in the energy drink market there is more of a need for a healthy variant, which leaves a potential for Crescent to differentiate them from the

competitors. Moreover, crescent would be cheaper than the average energy drink, which means that they can compete on price. This is important due to the fact that a lot of energy drinkers have an average income below \$25,000 per year.