

# [Brita marketing](https://assignbuster.com/brita-marketing/)

[Business](https://assignbuster.com/essay-subjects/business/), [Marketing](https://assignbuster.com/essay-subjects/business/marketing/)

Contents Introduction1 Background1 Situational Analysis1 P. E. S. T. L. E Analysis2 S. W. O. T Analysis3 Porter Five Forces Analysis3 STP Analysis4 Possible Options Available5 Do nothing5 Manage decline5 Develop and implement a marketing strategy for growth5 Short term - Expand existing market5 Long term - Increase Market Share6 Conclusion6 Introduction This document represents The i-Fusions Consultant’s Report on BRITA. The company’s current business situation is analysed and various options for action considered.

The report aims to identify a clear marketing strategy for Brita in order to address the current issues facing the company the associated falling sales. The report is broadly comprised of three main sections: 1. Background 2. Situational Analysis 3. Options open to Brita 4. Recommended Strategy Background Brita, after an extended period of success and dominance in the filtered water market is facing increasing competition, new market entrants and falling sales. After various failed initiatives to reverse the resultant decline, the company is seeking a new strategy that will restore double-digit growth.

History In terms of product history, Brita has been very successful with 2 key water filtration products, Pitchers and Faucet Mounted filters. On launching the filtration pitchers, initial efforts to build awareness and create a market were successful, teaching consumers the benefits of filtered water and creating awareness. Subsequent efforts to develop and broaden the market based on taste were also successful (Tap water Transformed campaign). Brita was the market leader for many years and defended that market share successfully for some time.

However, the market is now made up of more than 70 competitors and more recent strategies are failing to deliver growth and profits and Brita sales are now actually falling. Situational Analysis The documentation provided can assist in identifying various problems. The key business issues identified by i-Fusions are: \* Brita failed to recognise and correctly identify the competitive market they are in \* Brita were too slow to innovate and more agile competitors have entered the market and taken share \* The company reaction has been overly product-focused Brita has considered and/or launched various reactive advertising campaigns based on competitor action, rather than considering a holistic marketing strategy built on market analysis. \* Brita’s organisational structure is top-heavy with multiple reporting lines and no clear chain ofresponsibility. The result is a lack of clarity as everyone is responsible yet nobody is responsible. \* The net result of all of the above is that Brita sales are falling. P. E. S. T. L. E Analysis Political: There are no significant external political issues affecting Brita’s business.

Economical: The Economy during 1980s & 1990s showed no indications of recession and the emergence of the Internet and the evolution of the global economy generated unprecedented economic prosperity in the United States that lifted consumer purchasing power to better standards. The mid-2000’s marked the end of this boom cycle and the economy is starting to contract. Social: The primary social trends in the late 1980s and 1990s, as faced by Brita were: \* People shifting towards a more healthy lifestyle \* Workers working longer hours to gain more salary Shift of workforce from Agriculture to Industry & IT SectorsTechnology: The beginning of the 1990’s marked the beginning of the Internet revolution and this has affected people’s lives and lifestyles significantly. The impact on business is that communications are faster and customer expectations are for a more personalised approach (e, g, Emails, Mobile Phones etc). Legal: During 1980s & 1990s, Public Water Hygiene laws & regulations were not enforced effectively to prevent water-borne diseases outbreaks that occurred during that period of time.

During the 12 year period (1991 – 2002), Public Water contamination outbreaks came from community & non-community water supply (78%) compared to 22% from private/individual water supply systems as report by the “ Journal of Water andHealth” published in 2006 Environmental: During the late 1980s and 1990’s, EnvironmentFriendly organisations & NGOs (such as Greenpeace) were not creating an influential awareness of drinking water health issues. As a result, people were not possessing self-awareness of dangers contributing to drinking impure & contaminated water. Porter Five Forces Analysis

Rivalry: The market is very competitive and the threat of competition is high. Many companies are present and they are more successful than Brita. It seems to appear a rivalry both in terms of product and location Barriers to Entry: The entry barriers in the market are relatively low, making it easy to access. However, as the market is saturated it could be unlikely for new companies to decide to start new enterprises in this field. Threat of substitutes: This represents one of the main threats for Brita. Both tap water and soft drinks are potential substitutes for the product that Brita offers.

Supplier power: The suppliers do not play a major role for Brita growth. The product offered is relatively simple and its components are easy to procure. Buyer power: The consumers have a high decision power which can drastically affect the performances of Brita. Depending what type of drink they decide to consume (filtered water, tap water or soft drinks), the sales will increase or decrease. The Five Forces analysis tool highlights that Brita has to focus its attention on what consumers want in order to achieve success (appendix A ).

The product is neither significantly unique nor essential to ensure success on its own and taken in the context of a large number of substitutes, consumers therefore hold significant purchasing power. Simultaneously, Brita has to take in consideration the highly competitive nature of the market. If Brita does not update its product benefits, and then position themselves in such a way that they offers customers a unique benefit vis-a-vis competitors, it is likely further lose market share. Therefore, customers and matching their lifestyle choices should be the focal point of Brita strategy if double growth has to be gained.

S. W. O. T Analysis STP Analysis Segmentation Using Behavioural Segmentation, i-Fusions have considered 6 predominant market segments. See Appendix B and C Tap Traditionalists: Slow to change, like the convenience and cheapness of tap water. Weary Tap Users: Low involvement in their water drinking decisions. Like tap water and unlikely to change. They are also the lowest consumers of total water per day. Principled Filter Fans: High involvement in their water consumption decisions and believe filtered water is more healthy.

Affluent Fridge Fans: Highly involved in their water consumption decisions and associate water with health and weight control. Assertive Self Improvers: Highly involved in their water consumption decisions and drinks a lot of water for health. This group has the highest overall daily intake of water and drinks most of their water at home. Bottled Water Indulgers: Highly involved in their water consumption decisions and use bottled water as a reward for effort. They are highly attached to bottled water. Of the 6 categories of consumers, 3 have been pointed as the target market – PFF, ASI and AFF.

Target Market Analysis In terms of water consumption patterns, tap water is still the most utilised (35. 4%) with filtered water also popular (33. 3%). Bottled water is increasingly popular and currently holds 21. 7% of the market. See Appendix D The main perceived issues customers have with Tap Water are Quality and Portability. Most consumers believe that using water filters improves the taste of the water and using fridge filters makes it more convenient to consume filtered water. Out of a total of 59. 6% people owning the Pitcher Filter system, 50. % own the Brita product standing higher in comparison to the PuR Product. Brita faces some perception challenges as the Faucet Mount and Pitcher do not currently have any stand out features for customers and the Filtering Pitcher is seen as time-consuming and less simple when compared to Bottled water. In terms of good flavour of the water, 77% consumers support BW whereas only 32% support Pitchers. In terms of pureness, 63% consumers support BW and 44% consumers support Pitchers. Positioning Analysis Brita has strong brand recognition and is currently viewed in the key segments as a healthy water option.

There is a loyal customer base dedicated to filtered water which represents a growth opportunity if Brita can meet the changing consumer needs. i-Fusions would therefore recommend that Brita builds on this brand strength with a marketing strategy that highlights health and wellness and sustainability and believes that Brita has strong advantages over its competition to fulfil these targets. Possible Options Available Brita faces a difficult market and there are three broad business options they can consider. 1. Do nothing 2. Manage decline 3.

Develop and implement a marketing strategy for growth Do nothing i-Fusions recognise that occasionally it may be acceptable for firms to take a “ wait and see” approach” to their business but we do not recommend this as a course of action to Brita. The risk of inaction is too great in a market with such high competition and falling market share. Brita’s cautious approach to date is reflected in their current situation. Manage decline Brita could continue with their current emphasis on pitchers and faucets and manage decline - cutting costs aggressively as sales fall.

It is the view of i-Fusions that, given the high number of competing brands, there is a risk that adopting any low cost/low price strategy would merely lead to a race to the bottom. In any case, Brita is unlikely to be able to undercut its smaller, more nimble rivals due to its size and structure. Additionally, this strategy does not fit with the stated requirement for double-digit growth. However, the current product mix and their current specification are in the mature stage of the product life-cycle so Brita needs to seek ways to add value to maintain current sales and to consider new products to drive growth.

Our recommendations are therefore predicated on the value that the brand has in the eyes of its customers and to leverage the reputation for quality that the company has built up. Develop and implement a marketing strategy for growth The advice of i-Fusions is for Brita to follow a growth strategy, focused on meeting the needs of key identified market segments with clear product offers, consistent messaging, via the optimal distribution channels and at the appropriate price. Short term - Expand existing market

Product: Existing users – Brita should aggressively target existing filtered water users (Principled Filter Fans and Assertive Self Improvers) with Pitchers and Faucets with improved ability to remove impurities and taste. Brita should therefore focus R&D effort on improving the purity capability of its filters, reinforcing the key brand messages of health and purity. Price: Maintain existing pricing strategy Place: Brita should continue with the mass distribution strategy as changes in the past have quickly translated in lost sales.

Promotion: Find new uses - Brita can create new uses of existing products through promotion of additional activites such as using filtered water for cooking, an activity that is important to key segments Strong single brand messaging around Health/Purity/Sustainability using a mix of targeted TV and radio, social media, lifestyle magazines (home, food, well-being), demonstrations and tasting instore and at gyms/yoga-chains etc Brita is in a position to add complementary messaging around its green/sustainable credentials, which fits with target segment values and has the additional benefit of reaching other segments in the water consumption market. Long term - Increase Market Share Product: Change product mix in the longer term. Brita should look at expanding its product mix to better meet the behaviour patterns of its identified segments.

For example, developing a filter for fridge water dispensers is highly advisable. Form alliances: i-Fusions strongly recommend that Brita forms strategic alliances with quality white goods manufacturers in order to jointly develop a product that meets the needs of the key market segments identified. It is recommended that quality brands are identified and targeted in order to maintain Brita’s brand image and support the growth strategy. Additional alliances with yoga-chains/gyms for joint marketing opportunities should also be explored. Finally, alliances with home-builders/plumbing providers was considered as an option but i-Fusions do not recommend this for Brita as it is effectively a new and very different market.

Price: Reduce costs: Information on reducing overall capital costs is scarce but spend on R&D is likely to increase in the short/medium term. In terms of Fixed Costs, Brita should review its organisational structure, both to clarify reporting lines and reduce management overhead. Finally, it would make sense for Brita to have a single brand, with clear associated brand messages, managing their product lines within that brand. Promotion: New users - Brita should aggressively target consumers in the Affluent Fridge Followers category, given the high consumption of water at home and their fit with the key Brita health messages. Maintain green credentials with targeted messaging.

Place: Brita should continue with the mass distribution strategy as changes in the past have quickly translated in lost sales. People: Brita should implement clearercommunicationchannels with clearly identified lines of authority. Conclusion On analysing the information available i-Fusions believe that Brita needs to refocus its attention on the market, using short and long term strategies that target appropriate segments with specific products, messaging and distribution channels to best meet their requirements, aspirations and life-styles. We believe that the marketing strategy recommended will assist in driving double-digit top line growth.