

Lucozade sport marketing project essay sample

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Lucozade sport is an isotonic sports drink aimed at the active and the health conscious, as well as athletes. Its unique selling point is its hydration qualities which are designed to increase the endurance of athletes. It has established itself as the clear market leader in the sports drink industry in Ireland over the past ten years. There are many factors affecting the current and potential future success of Lucozade Sport. These include external factors such as competitor activities and a swing to more health-orientated goods. Lucozade Sport pursues an integrated marketing strategy in which it harmonises its use of the 4 P's. Much of its success can be attributed to the quality of its promotional campaigns which have created unrivalled brand recognition and created a connection with the Irish market. Due to the success of its current and previous marketing campaigns it would be unwise to suggest wholesale changes. There is potential for improvement however in sectors such as increased targeting of the female and children's markets. Lucozade Sport's campaigns are primarily targeted at males as there is a distinct lack of female sports stars endorsing the product, while its high sugar content detracts from its appeal to the children's market. "Section 2: Product Description

Lucozade Sport is a sports and energy isotonic drink. Its main target market is sports enthusiasts and people involved in regular exercise. its sports brand is made credible due to its unique scientific formulation; that is " it is proven to extend athletes sporting endurance by 33% longer than water".

(Woodgrange Ltd, 2001) GlaxoSmithKline PLC is the parent company of Lucozade Sport which was launched in 1991 as the first major isotonic drink in Ireland, and is now ranked number one in this category, according to

Euromonitor International (2011). Originally launched as an orange flavoured drink, it can now be found in a carbonated orange flavoured version and more recently in non-carbonated summer fruits, summer berries and lemon and lime flavours. Price

The price of a regular (500ml) bottle of Lucozade sports varies between retail outlets, a selection of which is given below; Dunnes Stores€1. 52

Tesco€1. 45

Supervalu€1. 48

A six pack of these bottles retails at around €8.

Label & Presentation

Yellow and blue are the primary colours of the Lucozade sport label (See Figure 1). There is a silhouette of a man running incorporated into the Lucozade logo. The Lucozade name is embedded in a rocket shape giving an illusion of speed and the energy boost that the brand is most associated with. Lucozade Sport is packed in an aerodynamic polythene bottle which is sleek and sporty. It has a blue sports cap coloured light blue in keeping with the theme of the logo. This is ideal for ease of use on the go. Lucozade Sport is available in a range of different ways to suit varying lifestyles such as: -

330ml Cans

- 330ml Pouches

- 750ml Bottles (Sports Cap)

- 750ml Bottles (Screw Cap)

- 330ml Bottles (Sports Cap)
- 500ml Bottles (Sports Cap)

Purpose of the Product

“ Last longer finish stronger in the last 15 minutes”, as stated on the product. This is Lucozade Sports slogan which sums up the main purpose of this product. It is of particular importance in replacing the fluid lost during exercise and thus preventing dehydration. Lucozade Sport also provides carbohydrate (6.4g per 100ml) during exercise which supplies the body with sufficient energy. It is a sports drink for endurance and concentration when the final push is needed most. Market Share

“ Despite aggressive competition from Club Energise and Powerade, Lucozade Sport leads the sports drinks category at 66% market share. In addition it now holds over 8% of the Carbonated Soft Drinks market and, in terms of recall, is the No. 2 brand across the entire non-alcohol drinks category – just after Coca Cola” (Ogilvy and Mather, 2007). The effect of this aggressive competition can be seen in Figure 2, which shows a sharp decrease in Lucozade’s market share from 2002, following the introduction of Powerade (owned by Coca-Cola) and C&C Club Energise (introduced in 2003) to the market. Every year since 2006, however, has seen Lucozade Sport regain market share, firmly consolidating its position of market dominance in Ireland. This trend endorses the quality of Lucozade Sport’s marketing, as it is succeeding in fighting off stiff competition. “ Functional drinks is dominated by Lucozade brand, with Lucozade Energy and Lucozade Sport recording a combined volume (market) share of 54% in 2009” as

stated in Euromonitor International (2011)." Section 3: Current Marketing Strategy

Market Overview

The sports drink industry in Ireland is a highly competitive market, with sales of €203. 2 million in 2009 and is predicted to grow to €301mn by 2014 (Euromonitor, 2011). Lucozade Sport has successfully established itself as the clear market leader in the category. It is the driving force in the sector, and is largely responsible for the 85. 9% current value growth in the industry between 2004 and 2009 (Euromonitor, 2011). Pestel analysis:

Political: The government in recent years has made an effort to reduce the sugar intake of children in schools and as such Lucozade Sport has been banned from some primary and secondary schools.

Economic: The current recession is a time of much economic turbulence, uncertainty and despair. These factors will greatly affect Lucozade Sport's sales figures in the near future as they are an unessential product.

Socio-Cultural: There has been an increase in gym goers in the last few years and with Lucozade's strong branding and market position this will lead to increased sales.

Technological: Lucozade Sport has expanded to include a plethora of products all of which focus on the different aspects of sport which has led to greater market penetration.

Environmental: With an increased concern for the environment comes higher prices for recycling plastics.

Legal: Lucozade seems to be in order in terms of all legal factors. The only possible opening for legal repercussions would be if any side effects arose in the future.

Micro-competitive Analysis

The Company:

GlaxoSmithKline is a large global corporation based in the pharmaceutical industry. They develop innovative medicines and products that help millions of people around the world. Their main mission is to improve the quality of human life by enabling people to do more, feel better and live longer.

(GlaxoSmithKline, 2011)

Marketing Intermediaries:

- The branding of Lucozade Sport in Ireland relied heavily on Ogilvy and Mather, an international advertising and marketing agency to create the Lucozade Sport brand. “ GSK had a fantastic product; their challenge to Ogilvy was to create an equally powerful brand. Our mission was to create a brand for the unique Irish market that could become as famous as Lucozade Energy but that would not overshadow or cannibalise it.” (Ogilvy and Mather, 2007)

- Television and radio stations, along with newspapers and magazines, provide Lucozade Sport with a place to advertise their product.

Customers:

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Targeted at active people, particularly those involved in sport. It is less confined in the sports it targets than some of its competitors. Lucozade sport has endorsements from athletes in a wide range of sports, not mainstream sports such as rugby, GAA and soccer. It also sponsors well known athletes in other sports such as long-distance runner Mo Farrah, amongst others. It is therefore targeted at a younger market, or at least those still involved in active exercise.

Competitors:

In the early 2000's, Lucozade Sport was the main isotonic drink being sold in the Irish market. However since that time, Powerade was launched in 2002 and have since secured the official IRFU sponsorship. C&C Club Energise launched in 2003 and has strong GAA ties. Gatorade is the world's biggest sports drink and while it has no marketing in Ireland it still presents a massive threat to Lucozade Sport. (Ogilvy & Mather, 2007).

SWOT Analysis

Strengths:

- It is the most recognized brand name for isotonic energy drinks.
- The market leader in the isotonic energy drinks market.
- The demand, customer loyalty and quality of the product are unquestionable with sales of €444. 85m in the past year (2009-10) (Beckett, 2010).
- Has strong marketing and advertising campaigns.
- Gains huge recognition by sponsoring many sporting events such as the English Premier League, The London Marathon and the Rugby Union in England.
- Since it is the market leader, Lucozade sport has found it

relatively easy to introduce brand extensions, which have gone on to be successful, such as Lucozade Sport Lite and Lucozade Hydro Active. • As Lucozade sport was the first isotonic sports drink to enter the market, over the years it has developed high barriers of entry into the market, making it very hard for competitors to gain a share of the market.

Weaknesses:

- Expensive compared to other isotonic energy drinks.
- In terms of rehydrating drinks, water is healthier than Lucozade sport. A 500ml bottle of lucozade contains 17.5 grams of sugar.
- Due to the fact that their advertising campaigns include sports players and athletes, their performance levels would affect sales. So if Steven Gerrard or Ronan O' Gara have been recently knocked out of a competition with their teams, this may have an adverse effect on sales.
- In the past, Lucozade Sport has received bad publicity, such as in 2005 when it was censured by the advertising watchdog for a misleading poster and television campaign for making false claims about the health benefits of the product (Brandrepublic, 2005).

Opportunities:

- New technology will make it easier for Lucozade to create new products and try and reduce the costs of making these products.
- Over the next few years, Lucozade plan to develop new products and evolve existing ones (Lucozade, 2011)
- Lucozade sport seems to be more aimed at the male market. One major opportunity would be to target the female market by getting a female sports person, e. g. Katie Taylor to advertise the product
- The market for functional drinks is growing exponentially, providing ample

opportunity to continue sales growth (Euromonitor, 2011) • There is an opportunity for Lucozade to advertise more of its less known products such as its protein shake or the many different types of energy bars it offers.

Threats:

- Competitors: Powerade has become increasingly more successful over the last number of years. Powerade has been the main sponsor of the recently successful Irish National Rugby team and has Wayne Rooney as its brand ambassador. Powerade have also indicated that it plans to introduce Powerade Zero into the English market which contains no sugar and has been very successful in the US.
- Own branded products such as Centra's isotonic sports drink have become increasingly popular in recessionary times due to its low price.
- Given that they are the market leader, it is important that they continue to research and develop new products to maintain their market position.
- Legal issues, e. g. if the government imposed a policy whereby all isotonic sports drinks had to keep the level of certain key ingredients to a minimum, this would have a massive impact on Lucozade Sport.

Section 4: Current Marketing Strategy

Lucozade in recent years was repositioned from a drink for sickly children, a niche market with limited sales growth, to the energy drink Lucozade Sport which is targeted at busy, active and sports-orientated people. This represents a much broader market, which is continuously growing. They achieved this repositioning through excellent advertising and celebrity endorsement.

Product

Lucozade sport is a premium cutting edge isotonic sports drink and the market leader in the energy drinks industry. It is designed for the rehydration and to provide an energy boost to athletes when it matters most. “ Proven to enhance physical endurance. Provides carbohydrate, fluid and electrolytes to help fuel your muscles and maintain hydration”

(Lucozade. com, 2011) Lucozade sport is positioned at the mature stage of the product life cycle. Sales have climbed and are now approaching a peak. Sales promotions and campaigns have taken effect. The target market is very aware of the product and its benefits. Price

Lucozade sport is perceived as a superior sports energy drink and this is communicated in the price of the product. Lucozade Sport use their pricing to strategically position themselves above their competitors, retailing at €1.45 in Tesco, which is slightly higher than their main competitors Club Energise and Powerade. This is consistent with its integrated marketing campaign followed in the other aspects of its marketing strategy. Place

Lucozade Sport very much utilises an intensive distribution policy. It is available in all supermarkets (e. g.: Tesco, Supervalu, etc.) nationwide. Due to the number of different extensions of Lucozade Sport, it has a heavy presence on shop shelves. It tends to occupy prime shelf location, i. e: at eye level. It is also available in vending machines in a variety of locations such as schools and gyms. It is also available online from the official Lucozade website, [www. lucozade. com](http://www.lucozade.com), which encourages bulk buying by offering discounts for large purchases. It is also available from a number of other websites such as [www. aqua-amore. com](http://www.aqua-amore.com). Promotion

The message that Lucozade Sport have been communicating to its customers over a number of years has been one of its ability to provide you with the extra energy you need, when you most need it, while also improving overall physical performance. Throughout this period, Lucozade Sport has also been seen to be utilising a pull strategy to try and make the target market want to purchase their product. They have used many forms of advertising and taken part in many promotional campaigns to help them to achieve this strategy:

Events:

Lucozade Sport have been seen to regularly sponsor many sporting events, increasing brand reputation as well as improving their relationship with their consumers. The most recognisable event that Lucozade Sport has continuously sponsored has been the Barclays Premier League. An article on Arsenal F. C.'s website (Arsenal. com, 2011) states “ the Barclays Premier League who has again selected Lucozade Sport as its Official Sports Nutrition Partner, an agreement that will add a further three seasons to its 18-year term as the chosen fuel of the top flight.” Teams:

Lucozade Sport has sponsored many well-known teams, strengthening its brand recognition. A perfect example of this can be seen with Arsenal F. C. (See Figure 3), which has a massive fan base. On Arsenal F. C.'s website they discuss how “ with the Club benefiting from expert sports science support and access to the full range of 26 Lucozade Sport products for every first team training session and matchday.” Lucozade Sport has also sponsored

the Munster Rugby team and Chelsea F. C. among others. Magazines and Newspapers:

An article on IPC's website discussed how Lucozade sport, Confronted with credibility issues over ' a 33% improved performance', utilised the engagement and trust of Runners World magazine to enhance their message, making it all the more believable (See Figure 4). TV:

Many of Lucozade Sports TV advertising campaigns have included professional athletes such as Ronan O'Gara (See Figure 5), Steven Gerrard, Colm Cooper and Henry Shefflin. Having these successful athletes talk about the benefits of Lucozade Sport will make some people believe that Lucozade Sport has in some way contributed to these professionals' successes in the past. Lucozade Sport appeared on the tv3 show " The Apprentice" in late 2010 with the contestants being assigned the task of creating a billboard for the launch of Lucozade Sport's new brand extension Lucozade Sport Lite.

Internet:

On the Lucozade Sport online shop, Lucozade Sport is constantly available in promotion offers. This is often used to encourage bulk purchases. (See Figure 6) Shops: In most of the shops that Lucozade Sport is sold in, there has in the past been a promotional offer to attract customers to buy their products. Examples in the past have been: Buy 2 500ml bottles of Lucozade Sport and get a third for free.

Section 5 - Critique of the Marketing Strategy

Lucozade Sport succeeds in integrating its use of the 4 P's to give a

consistent message in its marketing strategy. It positions itself as the dominant product in the sports drinks market through its promotional campaigns. This is reflected in its pricing strategy, which is slightly higher than its competitors, while still remaining competitive. This gives the illusion of superiority and quality, yet its price range is within the reach of all consumers within the target market. An intensive distribution strategy compliments this IMC as Lucozade Sport is readily available and visible to all consumers in its target market. Through this harmonisation of product, price, promotion and place, Lucozade Sport has become a power house in the energy drinks market. They have managed to fight off all competitors and now rank number one in all energy drinks and number two in carbonated soft drinks.

This is an excellent rejuvenation from the classic Lucozade which was predominantly associated with hospitals and recovering patients to the cutting edge market of athletes and sports fanatics. Lucozade Sport's promotional campaigns in Ireland have been particularly successful due to their focus on Irish sports stars, recognising that the Irish market would relate better to such personalities than solely focusing on British personalities. Lucozade Sport therefore attributes much of its success to the national sports players who endorse their drink such as Ronan O'Gara and Henry Shefflin, as well as many others. This targets the sense of national pride which is associated with their campaigns and these players. The success of these campaigns cannot be disputed when the results are witnessed: " The return on investment generated by the communication campaigns is estimated to be 515% over the period 2001 to 2007" (Ogilvy

and Mather, 2007) Lucozade Sport has very high sugar content and is only available up to a 750ml bottle. This may be a market opportunity that Lucozade has missed and could look into the future. Lucozade Sport is not in the children's or women's markets and they target their product at an older, predominately male market. These growth areas should be explored further.

Section 6: Findings & Recommendations

Over the course of the project, we have discovered that Lucozade Sport has established a very strong brand and is the dominant force in the energy drinks market. It is firmly established as the market leader, and has been with over ten years. Lucozade Sport owes this success largely to the success of its marketing campaigns. Slogans such as " Lucozade Sport keeps top athletes going 33% longer than water" and " Last longer, finish stronger in the last 15 minutes" are almost universally known in Ireland, highlighting how memorable these campaigns are. The use of reference groups has proven to be very successful also. Sports stars such as Steven Gerrard, Ronan O'Gara and Henry Shefflin have been used to great effect. We also found that the indigenous sports stars of Ireland instil a sense of national pride onto the brand. This helped proliferate the brand into the Irish market.

Over the years Lucozade Sport has built up a strong brand and reputation. It successfully repositioned itself from producing a medicinal product into a product that has become the market leader of sports rehydration drinks. One of the main recommendations that we would suggest is to continue to do much of the same things that have brought about this success. A niche market may be the children's and female markets which are not yet fully

explored by Lucozade Sport. Lucozade Sport should consider lowering the sugar content of their drinks as the high sugar content contributes to tooth decay. The promotion of Lucozade Sport is also predominately aimed at the male market, highlighted by their use of female celebrities in their campaigns being conspicuous only by their absence. These types of product ideas could widen the Lucozade brand to reach a more extensive market and, its current successful campaigns could be applied to these new possible segments.

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