

Marketing and coffee- mate assignment

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**ASSIGN
BUSTER**

Marketing case 9: Coffee-Mate Thomas Tallberg E4 Kristian Sallstrom E4 Christian Westermark E4

1. What are the main benefits of Coffee-Mate and what is limiting its sales? The main benefits of Coffee-Mate are its ability to substitute for real milk or cream and it can be stored for a longer time. It is made of health promoting ingredients such as dried glucose and vegetable fat (cannot be legally defined as non-dairy, since it also contains milk derivatives) and it comes in various packet sizes. The sales are limited by the market which is characterized by its low interest level, since most users do not see it as a weekly shopping item. Another factor that affects the sales is that the consumers prefer ordinary milk or cream instead of powder milk. It is used as a whitener in tea or coffee only in emergency situations in which the household has run out or run low on supplies of milk. Not everybody is using milk with their coffee.

2. How would the promotion of Coffee-Mate change with the benefits promoted and the competition targeted? The promotion would need to be shaped so that they would focus on the core benefits that the Coffee-Mate offers.

This has to be at least as good as the targeted competitor. They also have to be aware of how the competitor currently markets his product. By knowing how he operates they could either copy and improve the existing one or then completely change and try a more radical approach. If the Coffee-Mate would want to succeed they would need to convince the consumer how he can benefit from our product better in contrast to the competitor.

3. Should Coffee-Mate be mass marketed, aimed at one segment or aimed at multiple segments In mass marketing you are trying to serve the whole market with the same product.

Companies have not always practiced target marketing. In fact, for most of the 1900s major consumer products companies held fast to mass marketing-mass producing, mass distributing, and mass promoting about the same product in about the same way to all consumers. Henry Ford epitomized this marketing strategy when he offered the Model T Ford to all buyers; they could have the car " in any colour as long as it is black. " Similarly, Coca-Cola at one time produced only one drink for the whole market, hoping it would appeal to everyone. We believe that the market for powder ilk cannot be mass marketed because it is segmented. The segments demand a certain need that cannot be satisfied by one single product. If we were only to aim at one segment we would only cover with standard 41 % of the total 55 % that Coffee-Mate currently possesses and loose the 14. 5 % which Lite has. The only right answer is to proceed with multiple segments where Coffee-Mate needs to improve its efficiency to gain a bigger market share. Another option is to identify new segments which are worth going for. 4. How would the different alternatives alter the marketing mix used to market Coffee-Mate?

Why launch Coffee-Mate Lite? We believe that the different alternatives would affect the marketing mix in different ways. You would need to concentrate on the products depending on what segments you target. They must be able to satisfy the targeted segments need, such as quality and size of the package. It is impossible with a product like this to satisfy many segments with a product like this. The price can vary depending on the production cost, advertisement expenses and consumer demand and price awareness. When offering diverse products in a market where the differences between products are ignificantly small you can easily combine

their promotion. Why they launch the Coffee-Mate Lite flavour was because they analysed the market and acknowledged that there was a relatively high demand for low-fat powder milk. They answered the need by launching a new flavour, which satisfied these consumers.

5. Evaluate the segments from TGI's user survey for target attractiveness and their fit to Coffee-Mate's strengths. Which of the segments would you target and why?

Cluster 1: Sharon and Tracy ??? Experimentalists (Sample proportion: 15.4 %) -Enjoy spending money -Materialistic Status conscious -Heavy users of instant coffee and cream -Age 15-44 years -High media awareness -Fashionable

Cluster 2: Eileen and Mary ??? Cost constrained, older, and conservative (Sample proportion: 23.6 %) -Very price aware, budget shopping -Traditional in their habits -Worry about their food -Doesn't eat fast food -Like organic fruit and vegetables -Environmentally friendly products -Light users of instant coffee, never use cream -High media awareness

Cluster 3: Sarah and Anna ??? Affluent, Young foodies (Sample proportion: 24.4 %) -Love travelling and food -Light users of all media -Heavy users of coffee, above users of Coffee-Mate and they also use cream -Age 35-54 years, Young married -Light media awareness -High expenditure shopping -Heavy users of restaurants, -Health conscious -Fibre diet -Less fat and additives -Prefer to high quality goods

Cluster 4: Dawn and Lisa ??? Cost constrained, Young families (Sample proportion: 13.9 %) -Young students, work part-time - Doesn't care about health -Heavy users of instant coffee, never use cream - Age 15-34 years -High media awareness -Cheap, budgeting shopping

Cluster 5: Dorothy and Amy ??? Affluent (Sample proportion: 22.7 %) -Not price conscious -Old, retired, part-time working -Traditional, no holidays -Not

health conscious -Low media awareness -Most likely to buy Coffee-Mate, uses cream -No budgeting -They do not want to try new things -Prefer British products and good quality. We would chose cluster 3 because it has the biggest sample proportion with 24.4 % and they are the heavy users if instant coffee and cream. Due to their high media awareness they are most likely to fall for the traditional advertising. They njoy food and cooking and are not afraid of trying out new things. Considering the characteristics of this segment we believe that it would be the most lucrative of them all. 6. Look at Exhibit 9. 8 Evaluate the proposed ad for target market and benefits promoted. Will the ad help propel Coffee-Mate’s further growth? Create an alternative ad for your chosen target market. In the proposed TV ad we came to the conclusion that the target group is cluster 3. The ad brings forth the benefits that when you run out of cream you can use Coffee-Mate as a substitute.

One other aspect is that the guest might like it even better than ordinary cream. Depending on how accurate the target market analysis is and how well the advertisement satisfies the targeted consumer we believe it might boost the sale. We made up an example for an advertisement in a newspaper. Source: http://www.nochari.com/images/_brewingrecipes/CoffeeWithCream.png “ You like waking up to a quality cup of coffee with milk. Always out of milk does this sound familiar? Then you need Coffee-Mate, a reliable partner that always delivers. “