

Why has evians us
market share
continually decreased
marketing essay



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To begin with, the customer indifference is one of the main factors to be considered. Compared with the colas, Evian is premium price bottled water, and it is failed to realise that customers in different regions will make different reactions according to their preferences. In Europe, customers accept the types of bottled water and pay a premium for the Evian brand gladly. By contrast, in the U. S. water market, customers place little value on this premium and the cheapest bottled water is always selected in stores. Danone does not satisfy the US customers' needs, and therefore, the decreasing demand for Evian in the US water market will affect its market share.

Secondly, Danone is weak of the distribution capability. On one hand, Danone mastered its direct-to-store delivery system well, but the distribution strategy is not suitable for the U. S. water market. The U. S. water market needs a giant colarun distribution network which includes access to rented stored shelves. On the other hand, the colas and other water brands all have good distribution capabilities, while Danone is inferior. It is rarely to see Evian locate in such points of sale for bottled water, like vending machines, groceries, stores, street vendors, convenience outlets, and etc. Therefore, the distribution deficiencies will lead Danone in a low volume in the US water market.

Thirdly, pricing is another factor which should be considered. The colas' resource mostly comes from local tap water, so the initial cost of the colas is lower, and it is priced at an appropriate level. In contrast, Evian Nature Spring Water comes from French Alps, so the initial cost of Evian is high, and it is priced at a premium level. In consequence, higher price of the bottled

water may not be accepted by the U. S. customers, then the market share dwindles.

Finally, it is seems that Danone is lack of advertising.

In evaluating Danone's strategy for gaining U. S. market share, present the positives and negatives for remaining a single enterprise entity and 'going it alone'.

Danone's strategy to go it alone in the U. S. water market has the positives and negatives.

Danone's "go it alone" U. S. water market strategy means that Evian becomes a niche product brand, and its price keeps at a premium level. Under the strategy, Evian can extend its brand to a global extent with a "healthy" edge, and also can protect its unique Glacier brand effectively. Besides these, it can create business opportunities in the U. S. water market, and increase its marginal revenue for Danone as well. However, because of the premium price of the Evian's bottled water, Evian may hold lower market share in low volume in the U. S. water market, compared with the lower price water brands.

Another Danone's "go-it-alone" U. S. water market strategy is that taking over local-source spring water enterprise. After acquisition, it is clear that Danone can get source locally rather than from France, therefore Danone can reduce the costs, and it will be more competitive against Nestlé and the colas for market share in the high volume and price-driven market. Another advantage under this strategy is that Danone can build-out its line's production and distribution after acquisitions. However, there are also some

problems after acquisition. The strategy here will need a large amount of money to invest from Danone, and the return on the investment will need a long period to get the money back.

Given Evian's lack of success in the US market, what would be the ramifications of Danone exiting the U. S. bottled water market altogether?

Compared with other water brands, Evian is premium price bottled water, and it is failed to realise that customers in the U. S. water market prefer to choose cheaper bottled water, not like the customers' preferences in Europe. Therefore, the low volume of Evian's bottled water sale may lead to the decreasing market share and Evian's lack of success in the U. S. market.

As a consequence of this condition, Danone's " get out of the U. S. Market" strategy may make some ramifications. If Danone exit the U. S. bottled water market, Danone may lose the business opportunities in the U. S. market, and may lose much more market share in such a large market as well. Besides, Danone will probably run counter to its global marketing strategy, and it will not drive Danone's global sales and extension of global brand. Furthermore, Danone will save the entry expenditures if exiting from the U. S. market, and it can invest on the market where the " glacier premium" is recognized and also gain the market share from those countries.