

Vitabiotics marketing analysis and future strategy marketing essay



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Vitabiotics LTD is a UK-founded but globally prominent nutraceutical corporation and describes its business as “ nutrient-technology based healthcare”. The first product to market was a mouth ulcer treatment called Oralcer in 1971 followed later that year by Omega-H, a multivitamin which has since seen huge success in various countries worldwide, often becoming the number 1 selling nutritional supplement. Since then, Vitabiotics invested heavily in research and development and began to increase their product range, creating international manufacturing facilities and landing increased distribution into large UK retailers such as Boots, Superdrug and several of the largest supermarkets. During this expansion Vitabiotics gained UK brand leader status with various products (Pregnacare, Menopace, Perfectil, Osteocare) and now export to over 100 countries. At the current day, Vitabiotics is the second largest branded multivitamin manufacturer (behind Seven Seas) and has a very wide product range:

Aquamarine

Cardioace

Diabetone

Dietrim

Feroglobin

Goldcare

Immunace

Jointace

Liverel

Menopace

Nerozan

Omega-H3

Osteocare

Perfectil

Premence

Pregnacare

Tricologic

Ultra-D3

Visionace

Wellkid

WellTeen

Wellman

Wellwoman

(For the full list of products within each of these categories see appendix 1)

The fundamental factor behind Vitabiotics' success to date has been effective research and development of new products to remain at the forefront of new scientific developments in vitamins and nutrients with respect to health. In the past 30 years, the supplements market increased massively in accordance with the increase in the health food market and the populations' increase in disposable income to spend on daily health products. The multivitamin market quickly become very competitive which induced the development of a myriad of more specific supplements by Vitabiotics, most of which were more expensive than the generic multivitamin. These specific supplements were developed on the basis of scientific research and the speed at which the science was developed into useable, marketable products was reflected in terms of growth, profits, brand awareness and brand loyalty. It is often the case that businesses are built upon an idea or a new product/service without the thought and investment into creating a brand. In these cases, the product/service can

often be replicated or a similar service can be created, thus taking custom away from the original idea. The creation of a brand along with the product/service can protect their future by creating loyal customers. In addition to the brand creation, especially in the health/supplements markets, innovation and new product development is needed in order to keep or increase any market share. Vitabiotics have succeeded in this, both in the development of new products by being at the forefront of scientific research and in brand creation, which are the primary factors behind its exports expansion and its brand UK brand leader status in many of its products.

Current SWOT analysis

Creating a SWOT analysis is an effective way to assess a companies' current market position along with its future prospects, the table below gives a summary SWOT and a much more detailed discussion and analysis follows;

Strengths

Weaknesses

Continued growth during economic difficulties

Strong brand image – several recent awards

Lack of knowledge towards supplements

Opportunities

Threats

Emerging markets in developing countries

Diversification into a broader product base – health foods and beauty products

Recent Product recall could damage brand image

A change in consumer behaviour towards eating healthy foods as opposed to taking supplements could erode Vitabiotics' growth

Strengths – Despite a 16% drop in single and multivitamin sales in the UK between 2004-2009 (Mintel), Vitabiotics continue to show growth and therefore future promise; this is in-part due to the expansion and diversification of its product base. Also, its expansion into over 100 countries has shown that globalisation of the brand is not only possible, but is currently being achieved. Another strength is Vitabiotics' positive brand image with consumers, this is shown not only in increased sales but also in the recent awards that It has won;

' Boots Vitamin supplier of the year' (for the fourth year running) – Boots are the largest European pharmacy chain and this award is often advertised within Boots stores. When customers see an award from a very trusted and successful business such as Boots, this strongly encourages brand trust and greatly reinforces the brand image.

BT Vision 100 award – Given to the most ' visionary' companies. This further establishes the image of Vitabiotics as a strong British company, a factor which consumers will most likely find appealing.

The Queens award for enterprise.

Prestigious export award

Weaknesses – The general consumer still has a lack of knowledge about supplements and it is very difficult to communicate benefits underpinned by science. Also, despite Vitabiotics' relative success during the current worldwide economic crises, it isn't going to be ending soon and consumers are getting more conservative with their spending.

Opportunities – Vitabiotics have recently opened headquarters in Egypt, USA, Iran and Russia (ref) to complement the globalisation strategy. This will allow for greater expansion and possibly increased market share within the respective regions as it will enable more specific and coherent marketing strategies depending upon the region. Even though exports are currently to over 100 countries, there is still much opportunity in emerging markets as consumers have more money to spend on health related products.

Threats – A very recent FSA (food standards agency) recall of 9 different batches of products in the UK will damage both UK profits and may damage the brand image Vitabiotics have worked so hard to achieve, however this was only due to a labelling issue but any negative media needs to be handled appropriately. Another threat is regarding consumer opinion and behaviour towards taking supplements and multi-vitamins wherein there is an increasing preference towards eating healthy foods as opposed to 'taking pills'.

Perceptual Map

Below is a simple 'perceptual map' describing Vitabiotics' current product

diversity and market positioning, the first diagram shows a selection of its <https://assignbuster.com/vitabiotics-marketing-analysis-and-future-strategy-marketing-essay/>

products, and places them on the map relative to the particular market segment that they occupy. The promotion strategies of the specific products are also segregated and tailored to where these fall on the map; Omega-H3 promotion spending has reduced drastically and the specific ‘Well’man/teen/kid/woman multivitamins have all received lots of investments, with promotion in gender specific magazines. Perfectil, a skincare multivitamin is advertised separately in more beauty-orientated media.

The second diagram represents Vitabiotics’ product diversification strategy which is reacting to current consumer trends, products are moving away from traditional multivitamins and towards the beauty, specific and medicinal markets.

Despite the diversification, segregation and separate promotion strategies, product branding remains similar and noticeable to reinforce the Vitabiotics’ image:

A consumer can easily associate any of the Vitabiotics products with each other. In addition the ecommerce store that Vitabiotics have launched brings these products together excellently, to give the consumer a broad choice when selecting what product is right for them.

Future strategy and recommendations

For Vitabiotics to continue to grow and attempt to gain more market share from seven seas and chainstore-branded products