

# Ireland; tea-drinking nation



**ASSIGN  
BUSTER**

Ireland is traditionally a tea-drinking nation. The tea houses have been serving up tea, in all its exotic varieties over a hundred of years. The globalisation and change in customer's taste and preferences has made a drastic change in consumer's taste and buying behaviour in Irish market. Life style choices and changes has made the tea industry to lose its value than before, but is still liked by many people irrespective of age and sexual distinctions. The sheer traditional varieties of tea will maintain the enduring popularity of tea over coffee in Irish homes.

It is noted that the net sales of the tea industry is declining as compared to coffee. Similarly, sales of green and fruit/herbal tea trounced black standard tea bags in terms of growth over the last five years. Despite this, standard formats continue to characterise the industry, with black standard tea accounting for the vast majority of total off-trade tea volumes.

Tea market in Ireland has witnessed a negative impact for last some years even though the consumption rate for tea remains high. It is highly argued that the emergence of coffee chain shops and the stimulation effect of coffee has been the primary cause of decline for the demand of tea in Irish markets . Some other arguments were regarding the preparation process for tea. [Reuters. com, 2007]

Designing a campaign to launch a new product in to the market and its justification

A “ campaign” is a complex set of interlocking, coordinating, a complete plan or a series of different but related marketing communication efforts that appear in a different media and marketing communication areas across a

<https://assignbuster.com/ireland-tea-drinking-nation/>

specified time period. Companies that create one ad at a time and constantly change the core message are not involved in campaign process. A campaign should be like an umbrella theme that extends across time, different stakeholder audiences and different marketing communication opportunities. This analysis of background information is the research foundation that provides the basis for identifying the audience, budgets, objectives, strategy and policy. One should have thorough understanding of market economies, competitor activities, consumer's relationship with individual brands and consumer's relationship with promotions.

### **ü Trade Oriented**

The basis of trade oriented Sales promotion is the ' Push strategy' according to which the manufacturer directs its marketing activities towards channel members to induce them to carry the product and promote it to the final consumers. (Gerwin 2001,)

ü Organisational Analysis: What are company's sales and profits, mission and objectives, product and services?

ü Competitor Analysis: Who are direct and indirect competitors of the brand, resources they have, real and perceived distinction between brands.

ü Consumer Analysis: Who are the target audience, their profiles, urge to buy, their buying and consumption pattern.

ü Market Analysis: What is the sales distribution pattern, which population segment(s) are most likely to respond to the company, market opportunities,

Significant changes taking place with regard political, regulatory, economic, social and technological forces.

ü Product Analysis: Does the product have the ability to give consumers what they want, does the delivery of product match consumer's expectations, does the product's total offering promise to deliver or address what consumers want.

### **Target Audience- Who we are talking to?**

Customers should be a focus but from time to time, share should be increased through changing the audiences. Many groups such as the media, friends, colleagues, opinion leaders may be strong influencers in purchase decision. Decision making groups may need to be considered as a part of targeting effort.

Setting Budget Allocations, making resources available- What resources do we need?

The total financial budget, specific budgets need to be allocated to the various elements of a campaign.

ü Targeting a specific Market segment: To gain more market share company focus should be specific market segments (Geographic, demographic, psychographic and ethnic markets) and are always looking for ways to reach target audience ( user status group non users)

Introduction of the new product: Pearl Milk Tea

Pearl Milk Tea is developed to obtain a new market share with its unique characteristics: healthy, variant, premium yet economical.

**Healthy:**

Pearl Milk Tea is a mix of evaporated milk, black tea, sugar, and fruit juice or other ingredients. Evaporated milk is a shelf-stable canned milk product with about 60% of the water removed from fresh milk, which will last for weeks, months, and sometimes years on the shelf depending on the brand.

According to the U. S. Government, the vitamin substances contained in evaporated milk are as follows: Vitamin D – Each fluid ounce of the food shall contain 25 International Units (IU); Vitamin A – is optional, but if added, each fluid ounce of the food shall contain not less than 125 IU. (Wikipedia, 2008).

According to a report by UK Tea Council, black tea, which represents approximately 72% of total consumed tea in the world, is rich in flavonoid, a substance which is well proved to be able to prevent heart disease, cancer and maintain oral health. Table 1 provides average values for the different constituents present in black tea (Harold 1992; 334-350).

**Variant:**

Pearl Milk Tea can either be made with iced or hot milk, depending on consumers' preferences. Sugar, one of the essential ingredients, can also be added by the customers themselves. Different kinds of fruit juice or other kinds of ingredients like coffee or mint can also be added to meet consumers' various requirements, which feature the typical consuming trend in Irish tea market today.

**Premium:**

The two main ingredients to make the Pearl Milk Tea, evaporated milk and black tea, are chosen from renowned manufacturing companies. All other ingredients are also purchased from their relevant famous manufacturing companies so that the consumers of the new product will enjoy a top-standard quality from drinking it.

**Economical:**

The ingredients are purchasing in large quantities from major companies so that it would be made sure that the costs and unit prices of the new products will be kept at a low level to compete with other types of drinks.

With its healthy ingredients, various and attracting flavors, top-quality materials and its competitive prices, Pearl Milk Tea will definitely claim a substantial share in the future tea market.

**MARKETING OBJECTIVES****1. SALES TARGET**

The sales target of the company in the initial year is 3500 units per day for the first six months and a sales target of 5500 units per day is expected for the next six months thereby contributing a total of 1620000 units per annum at the cost of 1.50 euros. The sales target would be a total of 2430000 euros per annum. At the end of the fifth year, the sales target would be 25000 units per day, where the average sale would be 50 Canses per store.

**2. NUMBER OF STORES**

The number of stores through which the milk tea is distributed is about 250 stores across Ireland. In the consecutive years; it is expected to increase the

number of stores and at the end of fifth year, the number of stores will be 500 across Ireland.

### **3. PROMOTIONAL EXPENSES**

The promotion expenses would be high in the initial years, as it is an introductory product and could be lowered in the consecutive years as the product gets familiar in the market at the end of fifth year.

### **4. PROFIT OF THE COMPANY**

The company wouldn't have a profitable year in its first year of operation as the preliminary expenses of new product would make it difficult for the company to gain profits and the company would meet its Break Even Point in the second year. From the third year, the company would start making profits and by the end of fifth year, it is expected that the company will emerge into a growth stage where the profits will be huge and it paves for the expansion.

### **5. MARKET SHARE**

The product or company won't gain any market share in first two years and from third year, it is expected that the company would acquire a market share which is less than 5% and from fourth year, it would be increased to 10% and is finally expected to 20-22% by fifth year thereby gaining a competitive share among other brands in the market.

### **KEY ISSUES**

Ø As the product is new to the market, the lack of consumer awareness may affect the product diversely

Ø The threat from competitors, mainly from tea industry could change their marketing strategies when Milktea enters the market.

Ø The huge initial expenses that the company needs to set up premises and fixing the profit margin with the stores through which Milktea is distributed.

Ø The cost of training sales persons so as to make them deliver effectively.

Ø The budget of the company and difficulty in anticipating sales figures for a future period of time.

### **Marketing Mix**

In this part, four groups of variables that influence the demand of product are going to be discussed, that is, product, promotion, price and place.

#### **Product**

Actual product, the tangible elements of the product, like features of the PEARL MILK TEA. It is a mix of evaporated milk, black tea, sugar, and fruit juice or other ingredients. It can either be made with iced or hot milk, depending on consumers' preferences.

#### **Promotion**

Basically, there are five promotional tools, advertising, sales promotion, direct marketing, public relations and personal selling. Based on the features of the product, the tools of advertising, sales promoting and public relations could be chosen.

Advertising: in the introducing period of the product, informative advertising should be used to get customers aware of the product by advertising in popular magazines among young people.



I Sales promoting: The main places of selling PEARL MILK TEA are college canteens, shopping centers and stands in places of interests. Promotional activities like “ buy one, get one free” or coupons should be arranged to stimulate purchases at the retail level.

### **Place**

In order to decide on the channels of product distribution, the following steps will be followed to design the channel.

1. Analyse consumer needs: based on the type and the features of product, the customers would like to buy it on a produce-on-the-spot basis.
2. Set channel objectives and constraints: product could be considered
3. Identify major alternatives: since the blending rules of the ingredients of product should be strictly followed, the exclusive distribution should be kept and the flexibility should be kept under control.
4. Evaluate major alternatives on variety of factors: as discussed above, the profitability and the flexibility of the distribution should be controlled.
5. Select channel members based on most important criteria: salespeople should be highly experienced. Besides, cooperativeness among different stalls should be encouraged.
6. Motivate channel members: since the profit could be relatively low, selling contests between staffs could be conducted to motivate channel members.

7. Evaluate channel members: customer satisfaction, sales quotas, average inventory levels could be used to evaluate channel members and they would be awarded with the motivating methods discussed above.

## **Price**

### **I Internal factors:**

1. Marketing objectives – strategy of the product: according to the target marketing part, it could be drawn that PEARL MILK TEA should be considered as “ low quality everyday item targeted to middle to low income” group. That also conforms with the message : enjoy a lifestyle that most young and energetic people enjoy.

As to the financial goals, at the first stage, to achieve market share leadership, as a result, a relatively low price should be decided on in order to attract as many consumers as possible. So, the product is introduced at a price of 1. 5 euros, which is relatively cheap and affordable by the customers. When in the maturing stage, in order to fight emerging competitors, lower the price to sustain in the market.

2. Other marketing mix decisions: based on the three factors discussed above, a low price should be decided since it is a low quality product sold through exclusive retailers with the help of low-cost promoting methods.

3. Costs: should be fixed low costs in the introducing period to gain market share and variable costs in maturing period to fight with competitors.

4. Organizational considerations: this aspect would have to much influence on the price.

**I External factors:**

1. The market demand: market should be monopolistic competition type so that the price can be changed to some extent.
2. Competitor's costs, prices and offers: use a low price, low-margin strategy to keep competitors out.

The four elements of the product are decided through the objectives of the company and the marketing strategies. As market grows and our product develops, the four elements could be changed accordingly.

**COMPETITION IN IRELAND**

Taking Tea industry as a whole, for choosing the main competitors. It has been noted that tea industry tends to lose its value and coffee industry emerging stronger. The main player in tea industry ie, The Barry's Tea and rest of the tea segment as a whole. Other key players in the industry are The Lyon's tea and Nestea. I am taking Barry's Tea as main competitor in Ireland.

**The Barry's Tea**

Barry's Irish tea offers a wide range of blends which have been perfected after years of skilled tea blending. The company was founded in 1901 by James J. Barry, grandfather of the present chairman, Peter Barry. Until the 1960's, the tea was sold mainly from a Cork city shop in Prince's Street, but because of it's increasing popularity the decision was made to widen the wholesaling and distribution of the brand. The company began selling tea to shops in Cork City Centre, expanding into the suburbs and then out to the rest of the country.

**CONCLUSION**

The product, Pearl Milk Tea is a trendy and innovative product. Even though there might be some difficulties in marketing the product during the first few years, it would substantially attain a profitable market share. Since the product is new to the market, huge costs have to be incurred during the initial years to attain the market share. The marketing expenses would be high as it would be a difficult task to get the consumers aware of the product. During the initial years, the company is likely to incur losses or very little profit. This is because of the expenses in formation of the company and huge marketing expenses which occur during the initial years. But, with time, as the demand for the product increases, the market share would also increase resulting in increased profits and growth prospects. The company would be able to establish itself as a strong player in the market since five years of the commencement of the operations