

Tzinga: applications of marketing management concepts

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Motivation behind selecting Tagging comes on the purview that It Is the only Energy Drink of Indian origin with an Intensive growth profile for a relatively young Industry. The prime objective was to understand and recommend marketing strategies for Tagging. Focus was laid on accessing market opportunities, customer value addition, analysis of consumer market, evaluation of competitive dynamics and branding. The initial secondary research revealed the current segmentation, targeting, positioning, communication and branding strategies of Tagging.

It also uncovered the energy market trends and competition patterns. Low cost being Taiga's unique selling point drove It to a relative dominance In the market In a short period of time. Further, primary research constituted blind test, market survey, interviews with retailers, distributors and co-founder of Hector beverages. The procedure exposed the product strength of Tagging, reaffirmed the positioning appropriateness and unveiled the necessity of improvements in terms of price- positioning trade off, communication, distribution and brand building.

Indian-news of the product and Its low price can be exploited for promotion apart from Increasing The global beverage market is growing at a Compounded Annual Growth Rate (CARR) of 4. 6% and is expected to hit \$1. 3 trillion by the year 2017 . And the most dynamic sector which is leading this growth is the global Energy Drink Market. Ever since the launch of Red Bull in 1987, this market has flourished at an astonishing rate, generating revenues to the tunes of billions of dollars. But in a country like India with a

huge base of prospective customers, this market has not been tapped to its fullest.

International players like Red Bull and Storage still dominate the equation, though a lot of new players are trying to enter this zone. In such a competitive environment, one drink which stands out and seems to have a promising future is Tagging. It is a product by Hector Beverages Pvt Ltd. , an Indian start up dreamt by two young management graduates - Nearer Kara and James Natal . Based in Surgeon, the company came into existence in 2011 and since then has sky-rocketed into the energy drink segment.

The company now sells about a million units each month across 45 cities in India . It has a deep market penetration in Delhi, Bangor, Ago and the north eastern states and is trying to gain ground in other regions as well. The main reason for this stupendous growth can be attributed to its price, which is almost 70% less than its main competitors. It also comes with a unique packaging which is one of its USPs as per the creators. We plan to do a comprehensive study determining all the factors behind this growth story keeping our main focus on marketing.

The main motive behind choosing this project is to study the inspiring growth trajectory of Tagging. It provides an excellent opportunity to understand the nuances of consumer choices and sales pattern in India. By experimenting in the relatively unexplored arena of Energy drink sector in the country, we hope to build a strong foundation of core marketing concepts which will help us throughout our professional lives. To evaluate the current segmentation,

targeting and positioning strategies of Tagging and to recommend strategies for its branding and promotion.

To identify and match the positioning statement of Tagging and to evaluate the necessity of change ; To define the target market, focal value elements and price- value relationship with respect to Customer Value Proposition ; To understand competitive dynamics of brand image and hence to come up with Branding and Communication strategy for Tagging ; To understand the product preferences, consumers' taste preferences and Taiga's brand perception through primary search, blind test and interviews and hence to estimate the growth prospects 1.

Constraints in Primary Research: Energy drink market is a subset of the larger beverage industry and therefore has a consumer base with limited age group, lifestyle patterns and popularity, of which Tagging is a relatively new product and is less popular. This was a challenge in terms of conducting primary surveys as it involved identifying appropriate target groups. 2.

Limited area coverage: The campus comprises an eclectic mix of students from various parts of the country and thus provides a comprehensive group to conduct this study.

Therefore, the scope of this project has been limited to MUM Bangor and the neighborhood of Bantamweight region. 3. Frame of Reference: This study has been conducted from an external frame of reference in the sense that, with no actual experience and judgment of the energy drinks product market. This might have resulted in assumptions and indications slightly

different from the actual energy drink market environment. 4. Market

Dynamics: It is a fact that the market dynamics are dispersed and varied.

Regional influence of substitutes and competitors on consumer preferences is diverse. This makes the study subjective and strictly adherent to

specificities of research environment leading to biases in perception. 5.

Consumer Behavioral Dynamics: Change in consumer preferences, tastes and behavior, relative to market dynamics and self-actuation is a major instigator of limitations of this report The key parameters responsible for the success of any project are planning and execution.

Adhering to this idea, a detailed methodology was followed during the entire course of this report, and the same is described below: We started by defining the precise 'marketing decision problem' to ensure that we don't deviate from our main objective. The next part included extensive research about Tagging, its parent company - Hector Beverages and the energy drink market in general. A variety of resources like newspapers, magazines and Journals were referred, with internet emerging as the main contributor of information.

The company website provided major insights about Tagging, whereas research papers from online forums namely 'OBESE' and 'Sarcasm' formed the foundation of our literature review. Having performed significant secondary research through the aforementioned sources, we set out to corroborate these findings. This analysis was done based on various marketing models and frameworks. SOOT analysis evaluated the strengths

and weaknesses of Tagging meanwhile also listing down the numerous opportunities and threats for Hector Beverages.

Market forces were evaluated based on Porter's five forces and growth strategies were proposed using Nations Market-product Grid. This study helped us understand Tagging as a product, its production techniques, prevalent supply chain, operating challenges, organization structure and overall financial health. It also gave us headway on Taiga's competitors, their strategies and market share.

The primary research is the most detailed aspect of this report and was conducted in the following ways: a) Blind Test: 10 students of MIM-B were asked online survey was conducted and carefully monitored to restrict the respondents to I'M-B and nearby region as clearly specified in the scope and limitations. C) Retailer Survey: Shop owners of 'Mom n pop' stores like 'Ethical' and supermarkets like 'Inklings' were interviewed to understand Taiga's distribution channels and existing markets in depth. D) Personal Interview with the co-founder: Mr..

Squash Miser, the Co-founder and Director of Hector Beverages obliged us by providing the management's insights on Taiga's current and future strategies. A large amount of first-hand data obtained through these tests and interviews was analyzed in detail. Explanations were provided with the help of graphs and other statistical tools for better understanding. After brainstorming on the problems faced by Tagging, the team recommended

certain solutions aimed at improving Taiga's branding and communication strategy.

We extended these proposals by designing print and video advertisement campaigns for Tagging, thus concluding our report.

LITERATURE REVIEW When Nearer Kara and Squash Miser, both ex-employees of Coca-Cola, came up with the idea to start a company, they were in search of a "magic" formula that would provide an affordable energy drink for the Indian market. Their main focus was to create a perfect blend of taste, price and packaging and these efforts finally yielded results in the form of a fruit flavored drink with natural ingredients.

According to Kara, energy drinks in India are projected as premium products and consumed mostly by athletes, gym enthusiasts, students and socialites - rarely the average destine. They are costly, primarily due to high import duties. For example, Red Bull, which occupies a major share of the energy drink market in India, costs around RSI. 95 for a mill can. However, Tagging, on the other hand is priced a lot cheaper at RSI. 25 for the same quantity.

Banking on its Customer Value propositioning, the company has grown tremendously in the past two years and is already a market leader in Ago and the north eastern states. The company has its manufacturing unit at Amnesia, near Surgeon and another larger production unit is coming up in Moser by October, 2013. According to the American College Health Association's National College Health Assessment, stress, sleep,

disturbances, anxiety and depression are among the top five threats to academic performance among college students.

Researchers have indicated that within the current regulatory void, energy drinks, if aggressively marketed will appeal particularly to the niche of young males seeking performance enhancement and other stimulation related effects. The popular energy drinks, namely Red Bull, Monster etc. include active ingredients like carbohydrates, taurine, acculturation and caffeine. They have several benefits like increased attention, emotional states, endurance and physical performance.

The target consumers of Tagging are profiled as follows: a) Geographic segmentation : The major demand for energy drinks comes from Tier-I cities where people lead a stressful life owing to their working environment. The population has been segmented as per their background, either rural or urban. B) Demographic segmentation (Age, Gender, Income): a) The target market of 16-30 years can be further classified into the following groups: (i) Age 16-24: The school/college population which requires energy drinks mainly because they are involved in sports.

Age 24-30: The young working professionals who use energy drink requirement is to combat their stressful work life. (iii) Gender based: While the current market share is dominated primarily by the male population, recent trends of energy drink consumption show female segment is also on the rise. (v) Income - Aspirants & Seekers: While premium energy drinks like Red Bull target the higher end customers, Tagging reaches out to a larger group that

comprises of the Aspirants and Seekers c) Chirography's segmentation: It is suited to the lifestyle of students and young working professionals working late night for long hours.) Behavioral segmentation: Tagging is currently manufactured in mill pack for both light and heavy users even though heavy users account for a high percentage of total consumption. Also the segments are clearly demarcated on the basis of awareness and response to the product. Strategy is value formoney. It is also positioned as a healthy energy drink made of natural extracts; without any artificial chemicals and zero side effects. The product tries to build up a youthful and cool image in the minds of consumers. Its promotion campaigns such as " conquer the night" and " you are a sum of your obsessions" validate the above claims.

Another noteworthy point is the environmental-friendly stance maintained by Tagging through its unique " low-material" packaging and increased emphasis of " No littering" as clearly mentioned on their website. Building on the above discussion, Taiga's 'Points of Differentiation' and 'Points of Parity' have been identified below: ; Points of Differentiation: The two main attributes of Tagging which consumers like and find unique are: Low price 0 Packaging Points of Parity: Few attributes which have become increasingly common in the energy drink market and ensure a minimum equivalence with competitors are: 0

Category points-of-parity: Instant Energy 0 Competitive points-of-parity: Natural flavors (Organic drink market) CUSTOMER VALUE PROPOSITIONING: The following is the value proposition currently adopted by Tagging: Value Proposition Tagging relevant composition/ attribute Benefits for consumers

Favorable points of difference Resonating Focus Real Stuff is good stuff Real lemon, Real Guarani, Real ginseng Lesser caffeine and fruit extracts is a health add on Caffeine content- MGM/ mill as against MGM/ mill Mixed fruit Juice content- 1. % as against 0% of the market leader Could improve the percentage of fruit extract and hence could emphasize this value proposition This Energy Drink Works Contains Guarani instead of raw caffeine, Ginseng, Vitamin B Guarani does the same Job with no negative effects, Ginseng has anti-carcinogenic and anti-oxidant properties, Vitamin B that helps break carbohydrates Claiming Energy boosting through natural ingredients and promotion through actual communication of product values The effect of all ingredients is not brought out in promotion and packaging.

Green is not just the color Packaging appeal Tagging stands out from the clutter on the store shelf. It is a good choice for the environment. Customer's unstated need is fulfilled It allows Tagging to claim customers' value for money.

Tagging could evaluate methods to reuse packaging and also offer smaller quantities, may be 1 ml or mill packets BRAND IDENTITY: The brand identity is reflected by the positioning strategy adopted by Tagging as depicted below: Ingredients Real mixed fruit Juice concentrate (from pear, pineapple, mandarin, apple, passion fruit and lemon) , Terrine, Vitamins, Omission, Ginseng, Guarani, Caffeine Tagging has natural components as compared to its competitors which make it healthy Variants Available in three flavors- Lemon Mint,

Tropical Trip Mango, Strawberry Provides consumers with variety to choose from refreshing options Popularity Backbone likes -529525 Twitter followers-836 Within a Caffeine Level 258. Pump- Tagging has comparatively less caffeine content and focuses on natural elements like Guarani. This reduces the ill-effects on health Packaging Daypack- A packaging innovation compared to usual metal cans. Attractive packaging Price RSI. 25 for mill. The price is about 4 times less than its chief competitor 'e.

This mantra chosen by Tagging satisfies the three criteria for an effective brand mantra: 1. Communicate: The words Wake up! ' clearly communicate Taiga's promise of energize people at any time of the night. They also have a very positive annotation. 2. Simplify: The world today is cluttered place with a person being exposed to more than 100 promotions on an average each day. And in such a situation, this message stands out from the crowd. It is short, crisp and hence memorable. 3.

Inspire: In spite of being simplistic and brief, the mantra holds a lot of meaning and relevance to the target audience. It symbolizes the spirit of " Rise and shine", thus establishing a much deeper, an emotional connection with the customer. Strengths Pricing: At RSI. 5 for 250 ml, it is the most inexpensive drink available ; Packaging: Its unique packaging is environment friendly and is easier to carry around. Flavors: It comes in three exciting flavors - Lemon Mint, Tropical Trip and Mango Strawberry, of which Tropical Trip is the most favored among youth ; Natural Ingredients: It uses natural ingredients like lemon, ginseng, Guarani etc. Weaknesses No Aggressive Marketing: Lacks aggressive marketing techniques like celebrity

endorsements, sponsorships, television campaigns, college promotions etc.

Availability of the product: Not easily available in all the cities ; Awareness:

Due to or marketing, many people in India are unaware of this brand ;

Manufacturing Units: Currently only one manufacturing unit in Amnesia near Surgeon and an upcoming plant in Moser Opportunities Availability of the

product: Being an energy drink, opportunities can be explored in universities and colleges around the country ; Demographic Opportunity: India, with

immense opportunity for growth. Tie-ups: Tie-ups with major sporting events can help boost the sale of the product. ; Target Markets: Only the youth is

targeted currently. Since the product is natural, the targets can be expanded to include adults also ; Tier II Cities: Aggressive marketing in Tier II cities and

rural areas Threats Misconception: Energy drinks are closely associated with alcoholic beverages. In a country with strong values and traditions it might

seem a deterrent. ; Competition: The main competitor, Redouble is the biggest player globally and enjoys a huge financial clout.

Micro segmentation: Once the brand is firmly established, the product can be customized to cater to micro-segments like children, housewives and the

working class. ; New Product Range: Apart from energy drinks, the company can also come up with related products like " Energy candies" and " Energy

bars" to attract more customers. 4. Diversification: At the current stage,

Tagging does not have many options to diversify. But certainly with growth, the parent company Hector Beverages can consider Concentric and

Horizontal diversification.

As mentioned in the methodology earlier, the primary research has been divided into our parts - Blind test, Consumer survey, Retailer survey and an exclusive interview with the company's Co-founder/Director. The reason for adopting this four-step approach is to understand the product and its strategies from the perspective of all its stakeholders. It will provide us an all inclusive view to help us decide the branding/communication strategies and recommended measures. I) Blind Test: Strong Product As Redouble is seen as the main market leader, the blind test was conducted to compare it with Tagging and evaluate both the drinks on accounts of taste and mildness. Ten individuals hailing from different geographical and demographical segments were chosen to have a heterogeneous mix. They were then given samples of both the drinks, and asked to rate the two on various parameters. Following is the summary of the results: ;-1 The test clearly indicates that Tagging is a strong product with superior rating in both taste and mildness.

Two other key findings from the test are summarized below: a) While 7 out of 10 respondents rated Tagging better than Redouble, 6 out 10 did not even know about Tagging. And among the remaining 4, none had ever seen any Tagging advertisement. If we compare this to Redouble, all 10 were well aware of the brand and its strategies. B) The average price that one was ready to pay for Tagging came out to Tagging is only RSI. 25, this difference of RSI. 20 in the prices is nothing but the Consumer Surplus. On the other hand, Redouble charges way more than the average price one is ready to pay for it.

Thus, we reiterate the fact that Tagging is a stronger product compared to its competitors. Even without enough brand awareness, it made its mark on the audience and therefore, effective promotional strategies can take it to an entirely different level. It) Interview with the Co-founder/Director, Hector Beverages The project demanded us to take a holistic view of the problem and hence, it was imperative to know the management's viewpoint and future plans about Tagging. We tried contacting the company HER in multiple ways and finally succeeded when Mr..

Squash Miser, the Co-founder and Director of Hector Beverages Put. Ltd agreed to be interviewed. He is an alumnus of I'M-C and currently heads the marketing division of Tagging, Bangor in addition to his other roles. This made the talk more relevant to our study. His viewpoints in the form of key excerpts are scribed below: 1 . Advertisement and Promotion: Tagging focuses on Backbone and Twitter for mass promotion of the product. Being an energy drink, the targeted audience is the youth. Hence there are points of sale in multiple colleges, IT companies and Boos.

Increased availability in these areas and colorful posters ensure that students and professionals are attracted to this product. Tagging is also looking into precision marketing through the digital medium. 2. To tackle lack of awareness: Increased promotion activities through Backbone and Twitter ensure that the youth of today are aware of this product and its benefits. The Backbone page has over 5 lake followers and the promoters make it highly interactive by answering their queries. Points of sale in colleges and various companies also help in spreading awareness. 3.

Major Markets: Currently, the major markets for Tagging include Delhi, Bangalore, North East and Goa. 4. Distribution Network: A direct distribution pattern is followed in Bangalore. The retail stores are serviced directly. Biggest volume contributors include college canteens, offices and retail outlets like Afterworld and Reliance. 5. Future Plans: The immediate plan for Tagging is to be a 100 crore brand by next financial year. (ii) Retailer Survey: Mom n Pop Store: The approximate sale of Tagging is around 24 packets per week and is preferred by sportspeople whereas students still prefer Redouble.

The vendor visits weekly to monitor sales and replenish stocks. 'Tropical Trip' is the most popular flavor among customers. As far as profit margins are concerned, Tagging scores above Redouble and is a natural choice for retailers. However, the immense popularity of Redouble forces them to provide it more visibility. Supermarket: The scenario is quite different with Storage (Pepsico) enjoying the highest share in the energy drink segment, although no specific consumption pattern was noted by the shopkeeper.

The distribution network is quite formalized with an elaborate list of 150-200 vendors competing to supply. The re-purchase cycle occurs every 3-4 days and averages 120 Tagging packets are sold in this duration. Again talking about profit margins, Storage gives a constant 16% whereas in Taiga's case it varies from 14-17%. Redouble offers a minimal and is thus the least preferred brand by the shop. (iv) Market Research - Questionnaire Based on the results of the blind test, we have directed our questionnaire and