Marketing the failure of mecca cola essay example

Business, Marketing

Mecca cola is a carbonated cola-flavored beverage and the flagship product of the Mecca Cola World Company. The soft drink was first introduced by Tawfik Mathlouthi in 2002 in France (Sathish, 2009). The marketing strategies of Mecca cola aims at providing “ pro-Muslim” consumers alternatives to US cola brands such as Coca-Cola and Pepsi-Cola. Mecca Cola is now sold in several Arab countries, parts of Europe, USA, India and Canada. The company relocated from its French founding base and now operates from Dubai, United Arab Emirates. Though the company has experienced substantial growth since inception, the marketing strategies employed for Mecca Cola have led to product failure in key markets.

Market Mix Analysis

According to Kerin and Rudelius, (2001) product, pricing, promotion and placing (distribution) are at the heart of all marketing strategies and determine the failure or success of any product.

Product

Mecca cola was introduced as an alternative to American cola brands such as Coca Cola and Pepsi Cola. Evoca –a “ Muslim Cola” bears “ Black Seed” flavoring, which draws praise from Prophet Mohammed as a curative substance. Unlike other “ Muslim Colas” such as Evoca, the Mecca Cola formula was made to almost match that of Coca Cola but with less sugar (Henley & Vasagar, 2003). This has increased competition for the drink and caused its failure in some parts of the Arabic world such as Iran. Initially, the product came in 1. 5 litre bottles which many people considered bulky. The bottles almost resemble those of Coca Cola. However, a closer look shows a green mosque. The bottles also bear the following words in Arabic and French: “ no more drinking stupid, drink with commitment.” These words on the product insult neutral potential customers (Jones, 2007). The company therefore loses out on potential markets. The fact that the manufacturers of the drink tried to match the coke formula means that coke is still a superior brand to Mecca Cola.

Price

The prices at which Mecca cola retails are usually higher than those of other competing “ Muslim Colas” such as Zam Zam cola and Qibla cola. A 1. 5 litre bottle of Mecca Cola retails at $1. 70 while the others retail at between $ 1. 30 and $1. 55 for the same quantity (Sathish, 2009). This has increased competition for Mecca Cola as more people opt for the other brands due to cheaper prices. Moreover, Mecca Cola entered the market later than other “ Muslim Colas” such as Zam Zam Cola and Qibla Cola. As such, the pricing of its products should be lower.

Promotion

Mecca Cola is promoted as a “ pro-Muslim” drink as part of anti-American campaign. In particular the drink is promoted as an equal to American Cola brands such as Coca Cola and Pepsi Cola. As part of a corporate social responsibility and promotional campaigns, 10% of the proceeds from the sale of the drink go to help charities in Palestine. However, most people believe that some of the money is channeled to terrorist activities (Jones, 2007). The drink is promoted on the slogan of “ no more drinking stupid, drink with commitment.” The promotion of Mecca Cola on this slogan has hindered the acquisition of markets that are neutral to the American-Arab tussle who view the slogan as insulting. Moreover, there exists other " Muslim Colas" being promoted on the anti-American Sentiments platform. These promotional strategies have led to declined sales and product failure in most countries as the wars cease.

Place

Mecca Cola has acquired markets in most Arab countries. Its distribution strategy is exclusive of potential markets due to its strong anti-American sentimentalism. Mecca Cola does not provide adequate accessibility for the consumers to access the product. The promotional strategies adopted by Mecca Cola are counterproductive since they are based on wars in the very regions their markets are. Mecca Cola relies on unpredictable events for its promotional strategy- American wars on Arab countries.

Porter five forces analyses in relation to Mecca Cola

The porter's five forces are competitive rivalry within the industry, threat of new entrants, bargaining power of the suppliers and that of customers as well as the threat of substitute products (Porter, 2008). Notably Mecca Cola suffers from the competition posed by other " Muslim Colas" such as Zam Zam Cola, Evoca, Qibla Cola, Star Cola among others. This has increased the competition within the industry and new entrants such as Mecca Cola have bore the blunt of reduced sales and now face product failure in countries such as Iran. Though Coca Cola and Pepsi Cola have a small market share in Arab of 2-5%, their threat still looms large. The two companies have potential to mount aggressive campaigns, clear their name and push Mecca into more troubles.

Mecca Cola markets itself on the platform of donating towards charity and is customer driven. The bargaining power of the customers and the suppliers is high thus compelling the company to sell at small profit margins (Porter, 2008). These developments have impacted on the company wrongly resulting in product failure in some markets across Europe and the Arab world itself.

Market positioning strategy used for Mecca Cola

Mecca Cola has positioned itself as the cola brand of choice for all " Pro-Muslims". However, the product has failed to gain its envisioned market share due to the existence of other " Muslim Colas" and the extremist nature of its marketing strategies. The positioning strategy adopted by Mecca Cola has locked out the neutral markets with substantial numbers of Muslims especially in North Africa and the Middle East. Moreover, the company is reliant on American wars on Arab states to fuel its sales in those regions and other Arab states. This move has been counter-productive to the strategies of Mecca Cola. During the wars the disruption of systems and infrastructure has led to logistical problems in supply of Mecca Cola.

The positioning strategy adopted by Mecca Cola as championing the course of Muslims to voice their concern over American interference in the Middle East has been counter-productive. Mecca Cola uses 10% of its sales to charities in Palestine and a further 10% of NGOs in the Arab world. This move has led to the decline in penetration and potential product failure. Some people fear that the proceeds from Mecca Cola have been channeled to terrorism. Moreover, the allocation of 20% of profits to charities sets the company on a risky path due to the prevailing tough economic times and the increased competition from other “ Muslim Colas” (Jones, 2007).

Market segmentation

Mecca Cola relies predominantly on the Arab market. The soft drink now sells in 64 countries; there are currently more than one billion Muslims in 148 countries (Jones, 2007). The company’s largest markets are Yemen-22% and Algeria- 19% others in the top five include United Arab Emirates, Pakistan and Malaysia. Saudi Arabia is the base of an $80 million plant for the production of the soft drink (Sathish, 2009). Other countries which provide strategic markets are India, France-1. 7% of the market share, Bangladesh, Oman, Kuwait, Qatar, Iraq, Lebanon, Syria and Jordan.

Mecca Cola has negligible market share in strategic markets such as Iran, Afghanistan and Egypt and other Northern African Muslim states with a combined population of more than with more than 200 million people due to the existence of other more popular brands such as Zam Zam Cola and Evoca.

Mecca Cola has failed to gain market in countries with substantial Muslim populations due to the extremist nature of its marketing strategies. Qibla, a rival product to Mecca Cola gained the British market of 1. 8 million Muslims who were previously customers to Mecca Cola. These people and those others holding anti-American sentiments should all be target markets for Mecca Cola.

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