

Marketing techniques and their effectiveness assignment

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This is product development because it was made for Coca-Cola's existing consumers. B) I) Market development is when a company improves their already existing product or service in order to appeal to a new type of customer. It) An example of McDonald's using market development is when they created the Saver Menu. This menu consisted of products that they were already selling but they changed the price to under \$1. This was to appeal to students and people who were eating on a budget. ii) Coca-Cola used the market development strategy when they made the Coca-Cola Share Size 1.2 liter bottle. The Coca-Cola Share Size is the same Coca-Cola drink although it was put into a smaller bottle than the 2 liter family sized version, this was in order to appeal to smaller households.) I) Market penetration is when a company promotes an existing product to their existing market. II) McDonald's use the market penetration strategy with their Happy Meals. The Happy Meal is a child's meal which comes with a drink and a free toy packaged in a colorful box.

This appeals to one market, but they change the theme of the box and the free toy on an 8 weekly basis, this is in order to keep their customers interested in coming back. " I) An example of Coca-Cola using market penetration is when they launched Diet Coke, this is a Coca-Cola drink although sugar was taken out of the recipe and replaced with sweeteners. Diet Coke was launched to target Coca-Cola's existing market by giving them a healthier alternative to the Coca-Cola drink. D) I) Diversification is when a company creates a new product and promotes it to a new market. I) An example of diversification being used in McDonald's marketing strategies is when they launched MacAfee in the United States. MacAfee is a coffee shop

similar to brands such as Starbucks serving products including cappuccinos, espressos, mochas, frappes and iced fruit smoothies. This is diversification because MacAfee is not targeted at the fast food eating McDonald's customer base and is not 1 org An example of Coca Cola using the diversification strategy was when they created Powerade.

Powerade is a healthier energy drink, a completely different product to Coca Cola's sugary soft drinks range. It was developed to target consumers who played sports or exercised. Brand Building and Positioning e) I) Overall, branding can be defined as creating a name and image that customers can instantly recognize and differentiate against other products. It) Branding is important to McDonald's and Coca Cola because their customers identify the logo or name of the company and they instantly have an expectation of the product or service that they will receive, no matter what country they are in.

This helps companies to retain their customers because they trust the brand.

III) Organizations also need to be aware of buyer behavior which can be defined as the study of different types of consumers and how they purchase products. v) Buyer Behavior is the study of how consumers select and purchase products or services. The first stage of Buyer Behavior is need recognition and product awareness, this is where the consumer identifies a problem or that they need/want a certain product.

Stage two is information search, this is where the consumer researches the product that they would like; the third stage is then evaluation of alternatives, this is where the consumer researches other companies and their prices. The fourth stage is purchase of the product and the final stage is

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post purchase evaluation, this is when the consumer has used their product and makes a final decision on how happy they are with the product and the service that they received; this can be assessed with resources such as feedback forms or surveys.

Understanding buyer behavior is important to McDonald's and Coca Cola because they need to know what product to sell and how to sell it, if they didn't study their buyer behavior they would be producing new products yet not knowing how to promote them or whether they would be successful. V) Brand building is the marketing practice of creating themselves as a name that people identify and differentiate against other products. Brand positioning is when a company identifies a gap in the market and occupies a niche for their brand to be identified by.

Brand extension is when an established brand use their name or trademark on new products so as to increase sales. Brand building, brand positioning and brand extension are also important to McDonald's and Coca Cola because they are key to building and maintaining a brand. Brand building and brand positioning give the initial guidelines to make sure that companies are giving the same good quality they always have been and that they are keeping to the promises of the brand.

Brand extension is important because a new product has less risk of failing if it is attached to an already established brand. V') Examples of where the two organizations have used these strategies include McDonald's building their brand up with the world agonized golden arches and the slogan ' I'm Loving it'; another example is Coca Cola's logo which is also internationally

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recognized and the famous Christmas adverts that have made Coca Cola a household name.

Relationship marketing is when an organization provides a more personal and friendly service and builds up a customer's trust, this is to encourage the customer to feel that they should go back to that business again. Short term, relationship marketing doesn't generate any extra profit; it is a long term marketing strategy, it makes customers feel good about the service that they have received and builds a sense of loyalty. Eventually customers who have had a good relationship with a company will recommend their service to friends or family and when they have children, they will use the service that their parents did.

Coca Cola print people's names on their bottles with the slogan 'share a coke with', this gives the product a more personal touch and makes the consumer feel like the product has been made for them, these printed bottles are usually sold in shops at random, Coca Cola also has a service where the customer can order a glass coke bottle and choose the name that's printed on it. Coca Cola also have a reward scheme called Coke Zone where they enter consumers into prize draws and gives them free gifts for being loyal customers, this encourages people to keep buying Coca Cola in order to win prizes and gain rewards.

McDonald's also have a loyalty type scheme with a monopoly theme; the products you buy all come with a chance to win prizes. McDonald's also have a big connection with children, they train the staff that 'kids are stars' and give away free toys with their happy meals; this is to ensure that they come

back again and again. Transactional marketing is quite the opposite to relationship marketing, it is a strategy that focuses on single transactions. The company focuses on maximizing the efficiency and volume of individual sales without developing any relationship with the buyer.

Coca Cola and McDonald's also use transactional marketing, for example Coca Cola sells their bottles to retail outlets who then sell to the consumer for them; McDonald's sells their food via drive through, where the customer orders their food through a radio and the food is served as quickly as possible with barely any communication between the server and the customer. Task 2 (MI) Compare Marketing Techniques used in Marketing Products in two Organizations Coca Cola and McDonald's are both the leaders of their own retail market.

They both use various marketing techniques, relationship marketing and transactional market to build their brands; some of these are similar to each other and some are different. Both of the companies started out by using transactional marketing alone, whilst transactional marketing is still used by them relationship marketing is what has made them both the famous brands that they are. McDonald's has always been consumer buys a product from McDonald's very little communication is made, the food is cooked within minutes and the consumer then takes the food and makes no further contact with McDonald's staff.

Coca Cola is in the secondary sector; the product is manufactured and then sold onto retailers who sell the product to consumers for them. McDonald's has built up their image of being a family friendly restaurant with the help of

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their mascot, Ronald McDonald and their happy meal offers. This is an example of how they have used relationship marketing to their advantage, as they're building up their consumers' trust and loyalty from an early age. Coca Cola on the other hand started out in the late sass's with a more adult image, their adverts featured young women sat at bars in the sun with the Coca Cola drink on ice.

In the sass's Coca Cola strives to gain a more family friendly image, they broadcasted their Christmas advert, these well-loved adverts went on to be televised every Christmas for the next eighty years. In these adverts Coca Cola gave Santa Claus the image that he has today and many people have the mentality that it is not Christmas until they see the Coca Cola advert; this is also relationship marketing as Coca Cola has connected themselves with Christmas and taken themselves from being the 'refreshing summer drink' and made their brand a big part of the festive season.

Both of these brands appeal to children in particular as a result of the marketing strategies mentioned above that Coca Cola and McDonald's have used. Both of these brands have an unhealthy image and as children cannot choose for themselves what they consume until they reach an older age, the companies have also had to market themselves to parents.

Coca Cola has developed products such as Coke Zero which are sugar free in order to make parents feel more at ease about giving their children Coca Cola products and also making their child happy as they are allowed to have the fizzy drink that they wanted. McDonald's has used the market diversification strategy and developed their own coffee line so that parents

can enjoy a coffee whilst sitting with their child enjoying the happy meal that they have been pestering the parent for.

McDonald's now also offer fruit and vegetable options with happy meals in order to make parents feel more at ease about buying their child the product, the child still wants the product even though it is healthier because of the fun packaging, the free toy and being able to experience the fun and colorful McDonald's restaurant. Coca Cola broadcasts different television adverts throughout the year, these display groups of young people outside in the sun enjoying themselves whilst drinking Coca Cola. McDonald's television adverts tend to reach out more to children. Coca Cola and McDonald's also have very similar loyalty schemes to one another.

McDonald's has the Monopoly campaign where customers are entered into a prize draw for free with every product they buy, some of the prizes can be as small as another free meal, this is in order to keep consumers coming back as when the winner claims their free meal they will be bringing along their friend who will be pay consumers into a free prize draw when they buy the product, although the process isn't quite as simple as the McDonald's Monopoly as when entering the prize draw consumers are required to send a text message and wait to claim their prize, this makes it less effective as people who can instantly win and claim a prize are more likely to take an interest than when they are made to wait. Recently, consumer behavior has started to alter and people have become more lath conscious than they have ever been before. As Coca Cola and McDonald's are not known for their healthy images they have received a lot of negative media and were at risk

of losing their existing customers. McDonald's used the product development strategy and developed a salad menu; this was in order to retain their existing customers by making them feel more at ease about indulging in a McDonald's burger because they had a salad to go with it.

Coca Cola saw a gap in the market for a sports drink to cater for the new trend of healthy living and going to the gym, they decided to develop their own sports drink 'Powered', this was a method of diversification. To conclude, McDonald's and Coca Cola both display a range of successful marketing techniques although relationship marketing and clever television advertising has definitely been the key to both of these companies' success.

Task 3 (UP) Describe the Limitations and Constraints of Marketing Companies like McDonald's and Coca Cola face many limitations and constraints on the way they market their products and have to be fully aware of the laws and regulations there is on today's market. A The Sales of Goods Act 1979

The Sales of Goods Act is an act that states the laws and regulations around the sale of goods and the customer's rights when purchasing goods. The laws state that goods must be fit for purpose, as described and of satisfactory quality on purchase. Unfair Trading Regulations The Consumer Protection from Unfair Trading Regulations 2008 protects consumers from unfair or misleading trading practices, misleading special offers and underhand sales tactics. For example, if a shop had signs up for a closing down sale yet they never closed down they would be going against the trading regulations. Consumer credit Act 2006 bet by creating fairness in lending practices and interest rates.

The act also settles dispute between consumers and UK financial businesses such as banks, insurance companies and investment firms. Data Protection Act 1998 The Data Protection Act controls how people's personal information is used by organizations, businesses or the government. The aim of the act is to make sure info is used fairly, accurately, relevantly and is kept safe and secure. B The laws listed above must be adhered to because they create fairness in the market to both consumers and businesses. If companies such as McDonald's and Coca Cola did not comply with the laws and regulations the repercussions could be as extreme as a custodial sentence, depending on the offence.

In most cases there would be a lot of bad publicity about the company which would negatively affect many of the stakeholders, especially the consumers who will feel as though the company has broken their trust and will not return to the organization. C The Advertising Standards Agency is the UK's independent regulator of advertising across all media. The agency acts on complaints and proactively checks the media to take action against misleading, harmful or offensive advertisements. Companies use language in their promotions in order to engage their consumers and attract their attention. Whether the language is acceptable or not can vary depending on the target market, what the word is, how it is used and how the consumers view it. Coca Cola and McDonald's would not be allowed to advertise themselves as healthy or nutritious because this would be dishonest to consumers as they both sell high fat and high sugar products with very little nutritional value. If an organization was to defy the laws on advertising they could face not being allowed to broadcast their advertisements which would

mean that they lose the money and time spent on the campaign. In more serious cases an organization could face prosecution. Pressure Groups e McDonald's and Coca Cola can be affected by pressure groups such as The Food Commission, whose aim is to improve the nutritional health of the I-J. Pressure groups will try to encourage McDonald's and Coca Cola to sell more nutritious products and buy healthier ingredients, McDonald's are encouraged by pressure groups such as PETA to treat their livestock more humanely.

This type of encouragement will make the organizations appear more compliant, although it could also affect the costs of producing their products which will then have a knock on effect at their profit margins. Consumerism f Consumerism is a social movement that gives consumers a sense of importance and power over business organizations. McDonald's and Coca Cola could be influenced by consumerism to be more politically correct with their advertising and to be more careful with how they market their products, this is because the public is becoming more ethically and environmentally conscious. Task 4 (ODL) Evaluate the effectiveness of the use of techniques in marketing products in one organization they use many different marketing techniques.

I have been asked to evaluate the effectiveness of McDonald's marketing techniques and strategies. McDonald's is the sixth largest brand in the world, it is world recognized as a reasonably priced fast food restaurant with a fun and happy atmosphere. McDonald's have built their brand based on uniformity; this means that no matter what McDonald's you are in it will be

the same as every other in terms of iconic products, fast service and colorful appearance. This marketing strategy has proven to be effective as people all over the world instantly recognize the golden arches and know exactly what to expect from McDonald's, consumers feel a sense of trust towards this brand.

While McDonald's is an international company and all of its restaurants are relatively the same, it also adapts its business and menu to suit local markets, for instance, McDonald's in Japan is called Nostradamus, a more appropriate and attractive sound in Japan and in India, Hindus don't eat beef so the beef in the Big Mac is swapped for chicken. This 'global but local' approach enables the company to appeal to everyone and avoids them isolating certain cultures. Children are McDonald's main marketing target; they use their fun image, their famous mascot Ronald McDonald and free toys with Happy Meals in order to entice them. According to Advertising Age, in 2009 McDonald's total worldwide sales for the year was \$30 billion, 10% of their sales were Happy Meals, this is due to their free toys coinciding with recent films and popular cartoon characters, this is to keep their regular promotion fresh and current in order to retain regular custom.

McDonald's have taken a lot of criticism for targeting young children in their advertising because they are more impressionable than adults and wouldn't seriously think about how unhealthy their products are, although this is a highly effective way of marketing their brand because by gaining customer loyalty from a young age they are making an emotional connection which will then develop through to their adult years up until they have children of their own which will then restart the cycle. Whilst children are the main

marketing target, most children cannot make their own way to a McDonald's restaurant so their parents will also need to be enticed into visiting, for a company with such an unhealthy menu this should be a significantly difficult task. The fact that their children are desperate to have a Happy Meal is half of the battle as parents have an emotional need to make their child happy.

The Happy Meal can begrudgingly appeal to parents as they are reasonably cheaper and a more substantial meal than a supermarket sandwich, a family on a long Journey or a shopping trip would be more inclined to sit in a McDonald's restaurant and eat their family meal for under £11 rather than spend a larger amount on supermarket snacks and having to sit outside without the fun atmosphere and the free toys to keep their children occupied. The Technetium Report Brochure published a chart on the " Nine Mom Segments", out of the 1500 mothers that took the survey 12% spend the majority of their time on the go and 13% are stressed and single. This is perfect for McDonald's and their notoriously quick and no-fuss lunches.

McDonald's is made to be ideal for this specific market with their happy meals, " freedom in a bowl" salad and a MacAfee coffee ready in five minutes and reasonably priced. Over the years, McDonald's has received a lot of bad publicity and criticism diabetes and heart disease people have started to become more health conscious than ever before. In July 2004 a film documentary was released called ' Supervise Me', this starred Morgan Spurious who set out to show people the implications of eating just McDonald's for one month, the rules were only to eat what was available on the menu at the time, no ' going large' or ' superseding unless asked and he

had to eat every item on the menu at least once, the film showed the decline in Splotch's health and increase in his weight and malnutrition.

As a result of this film McDonald's announced a loss in their profits at the end of 2004, this put a lot of pressure on them to start selling healthier items and keep up with the changing consumer behavior. They started to add healthier items to their menu such as the option of carrot sticks instead of chips in Happy Meals and developed the 'Freedom in a Bowl' salad range, this is in order to give people the option to eat healthily as well as unhealthily in a McDonald's restaurant which has worked effectively in some cases such as giving someone the option to have a salad on their lunch hour at a reasonable price and by making parents happier about buying their child a Happy Meal because the carrot sticks are one of their child's five a day.

McDonald's have also even Ronald McDonald some friends called the Hummus' who live in everybody tummy and promote sensible eating and an active lifestyle to children through song and dance, this is another method of relationship marketing as it is an effective way of communicating with children and sending out the right message regarding healthy eating whilst building a relationship with children, one of their biggest consumers. In October 2013 McDonald's launched a campaign where they gave out books with Happy Meals rather than toys; this was a two week campaign that coincided with National Family Literacy Day on the 1st November. The books were featuring McDonald's characters and they were all to do with the 'magic of healthy eating' by telling children that they would grow big and strong if they had a healthy lifestyle.

McDonald's argued that the campaign will provide 'more than million books to families'. The reading campaign is an example of how McDonald's are jumping onto campaigns to make them look like an ethical company, yet still promoting their products. As while McDonald's were giving away the free books to encourage children to read, the books were promoting McDonald's Happy Meals. Ronald McDonald is now not only used to entice children into McDonald's assistants, he is the face of the Ronald McDonald House Charities. This charity lends a helping hand to families in their time of need by giving financial and emotional support to families dealing with sick and dying children.

This is another example of how McDonald's is trying to give themselves a more ethical image, but still marketing their brand as Ronald is interacting with children and promoting McDonald's as a fun and friendly company. In 2009 McDonald's introduced a 'Saver Menu', this is where they offered items such as regular burgers and chicken wraps for £1. This offer meant that you could have as little as £1 in your pocket and McDonald's would have something to offer you, this was a perfect campaign as the recession meant that people didn't have the spare money to dine out. According to Rupert Steiner, writer for the Daily Mail, the number of customer visits in 2009 went up 7.5% with a sales rise of 11%. The Saver Menu campaign continues to this day, it Christmas and the summer holidays.

The campaign in January 2014 included a TV advert with one man at a check in desk at an airline making the most out of his baggage allowance and trying to avoid extra weigh in costs, the advert ended with the slogan 'It's a

Joy to get your moneys worth'. According to an article in The Times, the Saver Menu was originally introduced in 2003 as The Dollar Menu in America, it was introduced in order to keep up with the rising price of cheese, the Double Cheeseburger was replaced with the McDougal being sold at \$1 which had one, not two slices of cheese and selling the cheesier version at \$1. 19 in order to keep the profits high without making the consumer feel as though it's at their expense.