

Sobe marketing analysis assignment

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The task of this research paper is to choose an appropriate marketing strategy for one particular product with the assumption that it will appear in the Zebu market. After a thorough research, it has been decided that an appropriate product for the task will be the Sobs vitamin drinks that have gained a vast popularity among western markets. Certain key elements that have led to this decision will be discussed further on. Background Product Background Before applying the marketing research results to the Sobs drinks, it will be right to give a little information about the actual product itself.

Sobs was established in 1994 by John Bellow and Tom Seawall. The original name of the product was “ South Beach”. The main differentiation of the product before the competitors in the USA market, such as Arizona Tea or Snapped is that the beverage was built on lifestyle, which means that the drinks had vitamins to fulfill the demand of the consumer for the healthy products. Eventually, due to low market share and poor positioning the name “ South Beach” was changed to “ Sobs” (which is the short for the previous name) and as mentioned by the founder in the interview with the New England Journal of

Entrepreneurship, even the packaging and the logo was changed to attract new customers, as well as making them associate unique brand and packaging with healthy lifestyle. Meanwhile, during the mid-nineties the accent on healthy lifestyle was booming like never before which gave the company an opportunity to gain competitive advantage. However, after it reached its pinnacle as a separately owned beverage, it was bought by PepsiCo on the 30th of October, 2000 for approximately \$370 million. As

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stated by Mr.. Bellow, “ As an independent beverage company, it’s hard to keep growing without the marketing muscle of a large corporation.

We had gone as far and as fast as I thought we could go without someone like Pepsi behind us. ” After it has been acquired by PepsiCo they have not changed the core idea of the product having exotic Ingredients, however manipulating its prices to gain a bigger market share, which was among all soft drinks In the USA In 2010. Market Characteristics Market size In order to determine the market size of Sobs Life water in Uzbekistan our team used of Testament (Shedder, Dungy, Management, Potato). We determined that the Top 3 most selling soft drink products are Coca-Cola, Faint, Fungi.

We also calculated mount of units sold per day for each listed above top 3 best seller products. The results of research are presented in the following table

Top selling soft drinks*	Cola -cola (0, 5 liters)	Faint(O, 5 liters)	Supermarkets: Quantity**	Price Potato
Shedder	270	1490	120	1500
Dungy	300	1390	150	1400
JAZZ	227, 5	1445	67, 5	1100

*this research was conducted only for soft drinks that are usually used on the road (0. 5 liters) **-quantity sold per day As it can be seen from the graph the most popular drinks are Coca-cola and Faint.

Alternatively, Fungi is a sweet drink where the percentage of Juice does not exceed 0%. It penetrated the market of non-alcoholic drinks a few years ago but despite, as it is shown in the table, Fungi appears in the list of top selling soft drinks. If the price for Sobs Life water is set between the price of Coca-cola and Fungi which on the average, would be about 1200-1300 sums, we

can calculate using the data from the table probability of average number of units that would be sold per day in one supermarket.

That will be 135, 9 unit per day. To sum up, by charging the price at 1200 or 1300 the producers of Sobs Life water can be consumed at the rate of about 134 or 136 units per day in one supermarket. In addition, according to the research made by De Facto marketing agency there are more than 8000 key selling points in Testament and 1 50 of these points are average sized supermarkets. Market growth. The growth of every product depends on its popularity which is usually influenced by fashion and advertisement as well as good promotion.

All existing trends which are having a positive influence on sales of soft drinks in Uzbekistan are expected not only to remain, but also to develop further over the next years. Discussing the characteristics of consumption for mineral, soft and drink waters, it should be noted hat approximately 57 – 60% of consumers drink soft and mineral water and 20% – only drinking water. Furthermore, due to Uzbekistan hot and dry climate and strong marketing and more comprehensive distribution, the number of Sobs Life water consumers in Uzbekistan is set to increase in the next 5 years.

Also, the demand for soft drinks will rise in Uzbekistan because there is a high rate of fertility. Overall, sales of Sobs Life water in Uzbekistan can be expected to record positive growth during the next 5 year period. Market share. According to the graph the main competitor for Sobs products are Coca-Cola reduces. Huge amount share belongs to the Coca-cola company as its products on high demand. Not only Coca-Cola there are also several

companies such as Nestle Uzbekistan, Hydrofoil Bottlers 000, Ratios Bottlers Mach's, that are well established and can compete with Sobs Life water.

For example, Nestle Uzbekistan All's Nestle Pure Life brand was able to maintain its leadership in bottled water in 2011 with a 30% retail value share. For similar reasons and also thanks to its strong development during the review period due to strong marketing campaigns, Hydrofoil Bottlers ass's Hydrofoil brand maintained second position in bottled water in 2011 with 22% of retail value sales. Moreover, nowadays Juice drinks are becoming very popular. Facto marketing research team conducted a research on popularity and sales share of drink Juices.

The results are presented in the following table, As it is shown, the first place is occupied by Fungi, with distribution of number of sales at 89% and 75 % value terms, while Fructose is in the second place, with distribution number at 49% and 11% share sales. Macro-environment factors Analyzing the given factors, macro-environment is a significant part for carrying out he marketing strategy implementation. It helps Sobs foresee the threats which may impede the business's success, as well as aids to create vast opportunities for growth. The factors that need to be taken into consideration are political, economic, technological and social.

Political The federal government of Republic of Uzbekistan prohibits the sale of unhealthy carbonated soft drinks. However, it permits to sell flavored water which gives an opportunity for Sobs to offers their product there. Furthermore, Zebu legislation does not control the warranty for expensive goods if they are either the origin one or to. In its turn, there are no vast

political obstacles to inhibit the growth of the product. Economic Considering the economic situation of Uzbekistan, since 2010 it has started its strong performance registering 8.5% growth in terms of global financial markets().

However, there are still recession problems which lead to hurt the marketing of Sobs. Even though the product itself is relatively not expensive comparing to other beverages, people are still likely to consider the soft drink to be a luxury product. Consequently the sales are not likely to be flexible. The main accent should be made on offering discounts for bulk purchases of the product and trying to keep the price of it as competitive as possible.

Likewise, a good way to sell the beverage is to make its size larger, for instance produce it at a 2 quart size, which is likely to imply on reducing the cost for regular drinkers.

Moreover, it will benefit the company by reducing the use of materials as well as the environment. Technological There are lots of contemporary technologies to produce the beverages, which are developed at a fast pace. Initially, the suggestion of the group is to be updated on the new invention of technologies, to reduce the production cost and time consumption. In the production of beverages the important technological components are the water treatment, steam production and condensate purification. Particularly, as the brand Sobs is the part of Pepsi Co, they will most likely merge with Pepsi manufacturing company in Uzbekistan.

As a result it will reduce the cost for packaging equipment, buildings and other expenses. Social To make an effective marketing strategy, the company needs to know the differences conducts that most consumers for

flavored beverages are the teenagers. This is obvious that Sobs marketing should focus on advertising things that are considered as “ modern” and “ cool”, rather than saying more about vitamins as in the US. Moreover, the company needs to consider that Uzbekistan is a very attractive consumer market. The population makes up 28, 639 million people, where 33, 5% of that are the teens ages of less than 15, that is over a third of residents.

Essentially, the company should target on the younger generation. SOOT analysts Strength Sob’s main strength is the capabilities and the resources of Pepsi Co in Uzbekistan that provides a competitive advantage for it in the Zebu market place. Thus, Sobs can achieve its goals backed up by the parenting company. Also, as this considered a high quality and healthy product, it will have a good reputation. In addition, as mentioned above it is provided with the resources and technologies to produce the product, which means that it has a low cost of manufacturing as well as a large distribution of the product.

A further strength is the expected increase of GAP per capita in Republic of Uzbekistan in coming years will positively effect on consumer spending as well. Weaknesses The main weakness for the company is deficient in certain ingredients, notably Cereal, L-carnation and grapefruits (See Appendix A).

Having said that, the firm might face problems with importing the components from abroad, and might increase the cost for resources

Opportunities The company might take advantage of targeted market by manufacturing healthy and vitamin-filled Sobs drinks which have an increasing effect on sales as well as consumers’ drinking habits.

Also, an interested young population is excited to try new products and brands. Another factor worth considering is the tourism sector, which is expanding and hence, increasing the number of consumers. Finally, another advantage is that the targeted market is not mature yet, which means there are many opportunities for new products, Sobs in particular. Threats The major threat of the soft-drink is enter a new market place. That is because this industry has a small growth and it will be difficult to make a positioning against the existing firms such as Coke and Pepsi.

Sobs, a brand new company needs to overcome a marketing of the existing companies. Another important factor is the threat of substitutes; in particular sport drinks, Juices, tea, coffee and energy drinks. Different types of water and sport drinks appear in many varieties which appeal to efferent tastes of consumers. Market Segmentation Since the Sobs is flavored water with vitamins, it is reasonable that market segment the company is going to be focused is on younger segments, in exact teenagers.

It is structured as a substitute product in between regular water and soft drinks such as Faint or Coke, so the average consumer will be of a younger age. In this case, the segmentation will be made towards 4 major contents, in exact geographic, cryptographic, demographic, and behavior. Geographic The segmented market in this case, will be people living in bigger cities that thrive for change. As mentioned in the report by De Facto, the biggest geographic areas to focus in Uzbekistan are Testament city, Samaritan, Babushka and Indian, since these are all densely populated regions with people ready for innovative products.

Demographic As mentioned earlier, the demographic environment which is favorable for Sobs is teenage segment, or people from 10 to 25 of age. Logically, adults would prefer the products they have preferred and have an established position to. Cryptographic This product will be focused on middle and upper class consumers. Relative to usual ringing water or soft drinks this product will have a slightly higher price, but due to low average income lower class would think of Sobs waters as a luxury.

Meanwhile, middle and upper class will see this product as rather exotic and for a relatively cheap price, which in its turn gives a good leverage for the sales. Behavior For Sobs, the consumer product will not have a vast importance. Essentially, sobs contains vitamins in water, which is an accent to a healthy lifestyle. Also, behavior is linked to geographic segment since, people in bigger countries tend to embrace the changes and new products unique in their matter. To generalize and conclude the segment results, the most attractive segment for Sobs Drinks is an educated teenage consumer with an active, or rather healthy lifestyle.

Segment Evaluation The given segment above is vast, and according to a research by Price Waterholes Coopers the 33, 5% of the 28, 5 million population of Uzbekistan is under 19 years. But another aspect of this situation is that the 63, 9% live in rural areas, where as the beverage focuses on big cities. Also, most of the population is educated, or as it has been stated from the source above, more than 90% have finished the secondary education which is 9 years of school and 3 years of college/lyceum (full secondary education).

Targeting Plan After the segment evaluation, it is logical to conclude that the aggressive marketing would be the best option in this case. While, the product will be the pioneer in the Zebu markets, it should focus on getting as many of the product available in grocery stores and retailers. Bottling of product and taste can be implemented on being rather fashionable and attractive to the consumer (see Appendix A), due to the targeted market segment. In its turn, it will help gain the competitive advantage of Ewing not only healthy, but also fashionable.

In addition, the targeting strategy in this case should be concentrated marketing, which means that one marketing mix should be ranged to different segments. And in this particular case, the segment is very particular, however there is a great possibility that other segments will be attractive to Sobs products if the long term accent will be made on healthier lifestyle, or younger generation segment will be attracted to the product if the product will be linked to the association of a beverage being not a usual water, but a tasty, fashionable and fun product. Market Positioning

Sobs, being the vitamin water, has an established the idea of being a healthy beverage with an assembly of exotic tastes. Sobs drinks would be positioned away from the competitors as it offers an exotic taste with vitamins at a reasonable price. The Uzbekistan market as it is, does not offer any similar products. After our group has implemented a research on several retail stores and grocery stores, it has been concluded that there are no actual substitutes to this product. There are beverages that could compete, such as ice tea brands or soft drinks that have established their presence, such as Coca-Cola.

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But the product will be positioned at a high-price high-quality axis. In other words, the product will be unique. The tastes that Sobs offers are one of a kind. One could argue that there are beverages that can substitute, which is correct to a certain point. To make a firm statement, the group has concluded that no other beverage will offer a vitamin filled healthy water with extraordinary tastes. In exact, the positioning of a product should gain competitive advantage through two main tools, which are Product Differentiation As mentioned earlier, Sobs offers better taste, and a healthier water than any other averages provided.

This specific product should target differentiating its own product due to these attributes, which is being the pioneer in exotic taste and vitamin water. Image Differentiation There is also a great likelihood of Sobs drinks being differentiated by the appearance. The two key advantages are the fashion of a bottle itself, being easy to open and carry around as well as the color of a drink and its taste (see Appendix B). As seen on the appendix, the color of the vitamin water comes in different patterns, being slightly pink, white (milky) color, and magenta.

The pastel colors offered by Sobs are likely to be consumed by the teenagers. Conclusion All facts mentioned above, it should be mentioned that the group has chosen this particular product for a specific reason. The group believes that if implemented, the marketing strategy for Sobs will have an enormous success, due to its innovative approach in the market and a different product that is offered in the market. Although, there are risks concerned with the Sobs products, such as strong competition, culture barriers, or price acceptance, the reward is worth the risk in this case.

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