

# Up case analysis



Dr. Pepper/7-Up (DPSU) is the largest division of Cadbury Schweppes PLC, the world's third largest soft drink company. The Squirt brand manager in 2001, Kate Cox, is working on the brand's annual advertising and promotion plan (Kerin & Peterson, 2010). The main issue in developing a marketing strategy stems from the market targeting and product positioning in Squirt's advertising and promotion plan development. This case analysis will review the issues; examine the company's strengths, weaknesses, threats, and opportunities; and work to recommend marketing strategies to enhance the Squirt brands image and promotional advertising tactics. Problem

#### Identification

The problems identified with the Squirt brand include the similar brands of citrus flavored drinks being introduced and promoted by Coca-Cola brand soft drinks, Manzana Mia (Coke's apple flavored drink in Southern California); orange, grape, strawberry, and pineapple Fanta; and Citra. Pepsi-Cola brand Mt. Dew is a top citrus brand soft drink in the United States which competes directly with Squirt. The competition in the sales of citrus flavored carbonated soft drink is a huge factor in the advertising and promotion investments of the top three soft drink companies, Coke, Pepsi, and DPSU.

The demographics of the soft drink consumers are a major factor in the soft drink sales competition. The age of the majority of citrus soft drinks play an important part in the advertising and imagery of the products. The racial and ethnic groups across the U. S. are characteristics that also require consideration in the citrus soft drink advertising and marketing strategies.

Case Analysis Since Squirt advertising expenditures equal about 20 to 25 percent of dollar sales, the advertising promotions play a very important role in the expense of the company (Kerin & Peterson). The demographics of age and race/ethnicity are critical factors in the marketing and promotional development of the DPSU brand. Today in the U. S. about 25% of the population is teens under 18 and 25% of the population are Hispanic and African American. Both Coca-Cola and Pepsi-Cola expend about 2% of their company's advertising expenditure to the Hispanic market.

The industry structure in the carbonated soft drink also plays an important role in the advertising and promotional expenditures for the carbonated soft drink brands. The three major participants in the production and distribution of these brands are concentrate producers, bottlers, and retail outlets. Concentrate producers and bottlers split the advertising costs for local advertising promotions, usually 50-50. Merchandising promotions, like end-of-aisle displays, freestanding displays, and shelf banners are also split between bottlers and concentrate producers, with concentrate producers paying about 29 cents per case. Other promotions which include coupons, on-package promotions, and sweepstakes are also contributed to by concentrate producers between 5 to 25 cents per item. This is a very important factor for DPSU brand soft drinks because two-thirds of Squirt bottlers are affiliated with Coca-Cola Enterprises and the Pepsi bottling Group, Inc.

Identifying the Root Problem Components The high competition for the citrus flavored soft drinks in the U. S. is a major factor in the Squirt brand sales. Coca-Cola distributes Fresca, Citra, Mellow Yellow, and Surge; with Pepsi-

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Cola distributing the top selling citrus flavored brand, Mt. Dew; and DPSU distributes Sundrop, Squirt, and Ruby Red Squirt. There is no question that the advertising expenditures reflect the high competition in this arena.

The demographics of the consumers that drink these soft drinks is studied and closely monitored by all three companies. Through positioning and target marketing these three companies work to advertise and specifically target the market segment concentrated within any given region. By studying the market segmentation and positioning, DPSU hopes to emphasize the thirst-quenching attributes of the Squirt brand and the relevancy with a younger target market.

#### Evaluation of Alternatives

The alternatives for DPSU would include increasing the advertising and promotional expenditures toward teens, Hispanics, and African Americans. This would involve increasing advertising for Hispanics in the western and southern U. S, especially Texas and California. Also, advertising in the larger cities across the U. S. would target the Hispanic and African American communities. Squirt could also benefit by advertising promotions with Spanish speaking commercials.

#### Recommendations

First, it is strongly recommended that DPSU look to increase their advertising in the Hispanic and African American market in the southern and western states. Secondly, it is recommended that the advertising across the U. S. will be geared toward teens and younger adults between the ages of 18 and 25. It is also recommended that DPSU consider expanding their bottling capabilities so that it can receive more investments from concentrate producers across the U. S. Finally, it is clear that the

positioning of Squirt's thirst-quenching attribute is a positive advertising strategy for the target market. Conclusion

In conclusion, Squirt is doing many good things to increase the market share of the brand for DPSU. The brand has a specific market that the competition is high. Without the future investment for marketing this brand, the competition can take a portion of the sales very easily. Through target marketing, advertising, and promotional development plans Squirt will continue to thrive and even grow. Without careful consideration for the elements involved, Squirt will be fortunate to hold the market share it does now.