

# [Potential market anaysis for innocent smoothies](https://assignbuster.com/potential-market-anaysis-for-innocent-smoothies/)

Currently Innocent can be considered as the colossus of natural fruit drinks in the smoothie manufacture industry. Innocent is headquartered in London with a workforce about 273 people and a global network of more than 10, 000 traders over 13 European countries (Datamonitor, 2009).

Innocent’s product portfolio has been recently expanded to almost 40 different product selections and thus the company’s success over the competition is the natural ingredients that is used in its products and also its aspiration to conserve the nature in its products for the end user (Innocent, 2010).

Potential Market Analysis

Regarding Pickton and Broderick (2005), PRESTCOM analysis can help the business in building up the best possible knowledge of the internal and external environment in which the company is preparing to enter. Consequently, an analysis has been carried out and is shown below:

Considering the Political and Regulatory factors, the UK Department of Health has launched 5-a-day campaign, as a way to influence people’s life in order to be healthier (NHS, 2009). The government’s goal is to increase peoples’ knowledge of the benefits of healthy consumption as well as to buy more fruit and vegetables. Additionally, legislations that occasionally come from various governmental health and food departments can also affect the market. A good example is that of the Food Standards Agency which has altered a new labelling legislation where people can be aware of the level of trans-fats used in the product they consume (BBC, 2007).

The recession can be characterised as one of the most influential factors of the UK’s Economic environment. The high amount of unemployment and the low level of the populations’ income are significant factors for market conditions. In such economic events, people are more conscious of what they pay as they spend money only on necessities (LaForey, 2010). Finally, the recent rise of ice cream taxes, oil and milk prices can also affect the market to a great extent (Jofre, 2010; BBC, 2010).

Lifestyle, value, trends and ethics are some of the elements that characterise the Social window of the external’s environment. For instance, Mintel (2010) states that ice cream consumption is not a seasonable product anymore as it is consumed throughout the year. In addition, a large number of people are aware of and care about healthy consumption.

The Technological concept has recently taken another dimension as social networks and brand communities have given consumers the ability to give-and-take opinions for products and services (Mitchell, 2001).

In order to understand the Competitive environment of an industry Johnson et. al (2008) suggest that the five forces framework can assist the process. By conducting a Porter’s 5 forces analysis of the firm, the bargaining power of suppliers has been assessed as moderate to high. This is because the company hires a small yet diversified supply chain as the fruits are provided by suppliers across the world (Annual report, 2008). Thus a possible concentration of suppliers makes this power stronger. The bargaining power of the buyers has been assessed to be high for three reasons: a) buyer concentration due to premium priced products, b) small target market, and c) product standardization. Threats of substitutes have also been assessed as moderate to high due to current pricing strategy of the products that provide opportunities for cheaper substitute products. Barriers to entry in the UK market have been assessed as low due to external threats to the country such as terrorism, recession etc. all discouraging foreign investors entering into the UK market. Lastly, rivalry amongst the competitors has also been assessed to be high due to leading competitors Haagen-Dazs and Ben & Jerry’s (Mintel, 2010).

The evolving changes in the external environment of businesses today are evidently observed since they have been under strict scrutiny for ethical business practices. Additionally, the adapted ethical business practices have also been assessed to be a competitive advantage for company along with its strong product portfolio, continue to provide the company with critical success factors in the competitive market (Annual Report, 2008). The strategic advantage of the company capitalizes on savvy and busy customers with little time for taking a meal during the mid-day (Innocent, 2010). Hence, the food products offered by Innocent Ltd. promises healthy and balanced diet options using healthy ingredients such as oats, yoghurt, fresh fruits etc. Finally, the corporate social responsibility policy practiced by Innocent Ltd. as reported in the annual report (2008), continuously indicates towards the importance of the implied approach of the business ensuring that business initiatives shouldn’t “ mess up with the planet”. Such elements reflect the current environment of the Organisation.

Aaker and McLoughlin (2010) recommend that an examination of the Market can benefit to determine Innocent’s current and future attractiveness. Even throughout the recent period of recession, a positive growth is expected for the market in the next few years. According to Mintel (2009) it is expected that the market will have a growth from annual sales of £0. 2 billion until the end of the year 2014. In addition, the weather instability of the ice cream’s seasonal nature (summer) has made manufactures seek developing take-home ice cream (Mintel, 2009). With Unilever controlling up to 43% of the markets’ share, ice cream has struggled to be as a special treat.

## Marketing Objectives

Brassington and Pettit (2006) define marketing objectives as the goals that the company’s marketing strategy must be able to achieve. In order to come up with the best possible strategy, Fill (2009) argues that objectives must be based on the SMART model so the company can ensure that its goals are clear and well defined. Regarding the SMART concept, marketing objectives have been carried out and can be viewed in Table 1 below.

## Table 1: Marketing objectives based on SMART mode

## Specific

Innocent’s main business objective is to promote and launch Innocent Ice Sorbets in the established UK market

## Measurable

Aim for an overall increase of 15 per cent in the market share of Innocent Ltd. in the UK market

## Achievable

The company has to continue with relationship building initiatives with stakeholders of the company so that 20 per cent of existing customers that is accountable for 80 per cent of business revenues, can be retained (Craft and Leake, 2002).

## Realistic

The firm has to develop marketing campaign creating awareness and desire of the Ice Sorbets through advertising and relationship marketing and also to develop the brand image, loyalty and awareness

## Time-able

The company’s objectives have duration of one year; this means that Innocent is expected to complete its objectives until the end of the year 2011

## Integrated Marketing Communications Objectives

Integrated marketing communications objectives are usually related with the sales or aims that the company required in order to attract the attention of consumers (Moss and Warnaby, 1998). They can be also characterised as part of the overall marketing plan development. Such objectives can be generated based on AIDA’s model (Awareness, Interest, Desire and Action) which involve the buyer’s process before the decision of purchase is made (Pickton and Broderick, 2005). Therefore, integrated marketing communications objectives have been produced and can be viewed below:

To create an awareness and growth the demand of Innocent Ice Sorbets within the defined target market.

To persuade the target market to purchase and re- purchase the product.

To be clear and concise with the marketing communication message so that the marketing objectives can be achieved.

## Target Audience Description and Justification

Target segments can be chosen on the basis of their psychographic, behaviouristic, and demographic characteristics. Nevertheless, consumers in such segments may have different needs, attitudes and preferences (Kotler, 2003). Once the marketing plan has been executed, further information concerning the target market can also be extracted by means of organizing marketing initiatives such as marketing surveys, focus group, customer etc. so that the process of re-defining the target market can take place, if needed.

Identifying the current target audience for Innocent’s product are those people who are health conscious and seek taste and health benefits at the same time. In addition, the target audience is 20 per cent of the current customers of the company, who have been assessed to be generating 80 per cent of the business revenues (Leake and Craft, 2002). Therefore, it is important to tightly define the scope of the marketing plan so that the allocated marketing budget can be justified. In order to reach the target market, the marketing communication plan proposes to stabilise and establish communication channels mainly through advertising and marketing initiatives in a valuable approach (Pickton and Broderick, 2005).

Conclusively, the target market of this IMC plan comprises of people ranging within an age bracket of 5 to 45 + years, coming mainly from educated backgrounds and both males and females (ABC1) who are well aware of the disadvantages of processed ingredients, preservatives, added sugar and salt etc.

## Integrated Marketing Communications Strategy

After defining the business’s objectives and audiences it is essential to create a communication strategy. For instance, Innocent can use a combination of push and pull strategies as Pickton and Broderick (2005) suggest that a combination of those can reduce any potential dangers. Considering pull strategy, the company can focus its promotion activities to increase demand for the product at the end consumer while push strategy seeks to boost the trade channel to drive and promote the product until the end user (Fill, 2009).

In order to create awareness and desire to purchase the product in the target market, the audience should be approached with a persuasive marketing communication message that emphasizes on the importance of the pure ingredients laden with health benefits that are used in the Ice Sorbets (Palmer et. al, 2007). In addition, the target market should also be informed about the product and its ingredients and how the product can be a ‘ no-added sugar and sweeteners, concentrates and preservative. The marketing communication messages should embrace ‘ 100per cent fruit’ quality of the product.

Develop a unique selling proposition (USP) for the Ice Sorbets and promote the USP throughout the marketing campaign (Pickton and Broderick, 2005). The identified USP of the product has been identified as ‘ 100 per cent fruits’ that are being used in the making of the product, unlike other similar or substitute products that use artificial ingredients. The USP of the product makes it safe to be consumed by children as young as five years old so that parents don’t have to worry about any unnatural ingredient used in the product. It is very important that the marketing communication message should be persuasive and compelling so that the audience can easily memorize the message since Ice Sorbets may be highly consumed during the summer months (June- August) only. Hence a strong marketing communication message is crucial to the success of the product and the marketing communication plan.

The marketing communication plan should be developed while making considerations of relationship marketing as suggested by Peelen (2005). These are: obtaining knowledge of the customers; establish strong relationship with the customers, and lastly persuasive communication along with value proposition of the customers.

The marketing communication plan should also embrace a combination of exciting and validating plead, persuasive enough for the target audience. An exciting or emotional plead can be formed through connecting the product with peoples’ hearts such as ‘ care for the family by giving them 100 per cent healthy product made only with fruits’. This can even extend to family members who are diabetic. Similarly, it is imperative that any element of mass marketing should be avoided. For that reason, the advertisements designed for the marketing plan should be able to connect to the customers (Dashlen, 2010). Apparently, extensive marketing research initiatives should be undertaken prior to the development of the marketing campaign. While identifying the validating plead, the communication message should converse the functional advantages of the product such as healthy and full of fruits’ nutritional value (Peelen, 2005). In addition to above, it is equally significant to note that the marketing campaign is built from the consumer’s viewpoint rather than from the standpoint of the company. Subsequently, the target audience should be able to connect the rationale and emotional side of their personality with the product.

Out of the defined target market, a 70 per cent should be reached with in the first four months of launching of the marketing campaign whereas the remaining 30 per cent should be reached in the following months of the marketing campaign. However, repeat messages should be broadcasted and any modification of the communication message should also be carried out if necessary.

The marketing communication campaign should be reviewed and monitored periodically (Schultz and Schultz, 2004). Additionally, in order to select an effective communication mix of IMC, the AIDA’s model (illustrated in Table 3) has to be assessed.

## Integrated Marketing Communications Tactic

In order to implement the proposed strategies, following a tactical approach has been projected (Blythe, 2006). The tactics take the shape of the marketing communication plan that is categorized as the 4 Ps of the marketing: place, product, price and promotion.

Place: Even though the existing distribution channel of the enterprise seems to be adequate to assist this particular element of the marketing mix, however some additional retailers need to be employed while distributing the product. Such retailers have been identified as food retailers like Waitrose and Sainsbury’s, due to the comparatively high priced products sold by these retailers, suitable to sell premium priced products sold by Innocent Ltd (Mintel, 2010). Additionally, some coffee retailers such as Starbucks, Costa Coffee etc. will also be approached. The coffee shops have been chosen because they are eager to sell low fat / healthy food options unlike their high- calorie bakery items (Mintel, 2010). Similarly, the existing services of the company such as inventory management; logistics, transportation and warehousing will be used to store and manage the availability and transportation of the product.

Product: The product is called ‘ Innocent Ice Sorbets’ and is fully concentrated with fruits i. e. no air whipping technique is used to make the product dense as compare to its competing products. This product promises 100 per cent flavour and nutritional content of the fruits. The product initially comes in three flavours: Mango & Passion Fruit; Banana & Raspberry; and Strawberry. The product will be sold in eco – friendly packages whereas the copy on the packages will carry on the marketing communication message that emphasizes upon the natural ingredient laden with health benefits.

Price: The pricing strategy of the product should be ‘ competitive’ against the luxury ice cream brands. Hence, the pricing strategy will enable the company to continue with its market leading position (Brassington and Pettitt, 2006). The competitive pricing strategy will also aim to take over the market share of its competitors in this regard such as Ben & Jerry’s, Haagen-Dazs, Solero and Carte D’Or Moreover. The product has a high potential in doing so because of its USP i. e. no added sugar, sweetener, preservatives and 100 per cent fruit content. However, it is very important that the pricing strategy must deliver product value to its consumers so that objectives of the marketing communication plan i. e. relationship building with its customers can be attained (Blyth, 2006).

Promotion: This element of marketing mix has been categorized into different elements of the communications mix which is basically a tool for the achievement of the company’s IMC objectives (illustrated in Table 4) (Smith and Taylor, 2004).

Advertising: A dynamic approach of communication, through a paid medium, that delivers the message to consumer (Blythe, 2006). Therefore, in order to build awareness, the product will mainly be advertised through different ways such as magazines, newspapers, television channels, the internet and sign posts.

Public Relations: The concept of PR deals with the quality and effectiveness of relationship among the company and its public (Pickton and Broderick, 2005). Innocent, following the version of PR that is related with marketing, will go through different approaches of PR such as sponsorship and social events as well as PR will include other activities such as magazine publications and press releases. Kotler and Mindak (1978) suggest that MPR, two different but inter-linked activities, can both support and attain marketing and PR aims through matched communications.

Sales promotion: A fundamental approach of marketing communications which generates extra value to the product so as to improve sales and other marketing purposes (Brassington and Pettitt, 2006). Free samples through the point of sales and information leaflets will be given by Innocent in such a way so as to encourage consumers.

Personal Selling: Brassington and Pettitt (2006), define personal selling as the method of face to face communication made by a company in order to encourage and influence potential customers by providing something of importance.

Trade shows: To provide a further boost to the product promotion, trade shows will be arranged specifically targeted to B2B customers. The objective of trade shows will be a) to educate stakeholders about the product and its associated health benefits so that their confidence and trust

## Cost Media Plan

The cost for a media plan and its budget allocation has been carried out based upon the following tables 5 and 6. In addition, a justification of the cost media plan has been made and can be viewed in Appendix 1.