

Macro environmental forces swept analysis marketing essay



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The financial crisis initiated four years ago has been the reason for purchasing cuts on all dispensable products. Bottled water has been perceived as one of them and, therefore, its consumption has slightly decreased (Intel, 2012). Consumers are not keen any more to pay for unnecessary goods and services, especially, those which can be substituted for other alternatives, for instance, the consumption of tap water in replace of bottled water. This could suggest that the issue has influenced the consumer's mind by inciting them to drink tap water rather than to spend extra money on something which can be obtained for an extremely cheap price. Thus, the companies find themselves in a position where they need to reduce the price of their products in order to keep the business afloat.

According to the newspaper reporter Smithers (2009) from the Guardian, the immediate impact of this credit crunch meant a declination of 9 % on number of bottles sold in the UK.

<http://www.guardian.co.uk/lifeandstyle/wordofmouth/2009/mar/23/bottled-water-sales-fall>

The companies have needed to find a reason which could motivate consumers to appreciate the benefits of bottled water and, hence, motivate them to purchase it as the economy has become an issue preventing its sales even though it is currently showing a slow improvement (The Guardian, 2012).

<http://www.guardian.co.uk/business/2012/oct/25/british-economy-recession>

LEGAL FACTORS

Specification of components and labelling requirements

Bottled water companies' production in the UK is restricted by laws at European and national level which not only concern with the protection of consumers but also the protection of the environment (Bottled water information, no date).

The Food standard legislation is one of those regulations and it defends the rights of the consumers from being mislead when purchasing a food product (Food Standards Agency, no date). As a result, bottled water producers are obliged to state the components of the water ensuring the customers' awareness of them.

The labels of their products must specify these constituents. However, the requirements and rules on the positioning and labelling are different depending on the water category: natural mineral water, bottled drinking water and spring water (Mendip District Council, 2010).

<http://www.mendip.gov.uk/CouncilService.asp?id=SX9452-A7808400>

“ Natural mineral waters must come from a recognised underground source and can only be subject to very limited treatments. Any water labelled “ spring water” must come from an underground source and meet certain exploitation and labelling requirements but does not need to be from an officially recognised source. Bottled drinking can come from any water source and has fewer labelling restrictions than the other two categories”

Department of Environment, Food and Rural Affairs (no date).

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The aim of this regulation is to stop the use of ozone-enriched air, in the case of the spring water, as disinfectant treatment and to ensure a better healthcare by reducing the toxic substances.

The bottled water producers have to make sure to follow these rules before placing their products in the market place.

Regulations to reduce environmental impacts

Bottled water may be a serious impact on the environment and, for that reason; there are existing harsh rules which determine the way companies have to operate in order to maintain the impact to the lowest.

Companies have to ensure they use the natural resources in a sustainable way (Bottled water information UK, no date) because the situation has come to a stage where their contribution in pollution is really significant. The production of plastic bottles and the transportation of water have actively affected the medium. Every year more than 3.5 billion pounds of PET plastic bottles come to be roadside litter, worthless material (Hays, no date, p: 15) and another large quantity is burned liberating harmful pollutants into the atmosphere.

Some companies have tried to improve their brand image by launching initiatives with environmental words like ‘plastic neutral’ and ‘zero waste’. However, campaigners still believe that generating and eliminate plastic bottles are catastrophic to the environment in any circumstance (Manchester Evening News, 2009).

The Environmental Agency, the institution standing for the care of the environs, has dictated the Environmental Permitting Regulations 2010 which controls this liberation of contaminants into the air from large and multiple industrial operations (Environment Agency, no date).

The bottled water producers are forced to find a way not to surpass these established limits as their infringement could lead to serious consequences.

POLITICAL FACTORS

This industry has constantly been affected by a succession of negative impacts as it has been seen previously. However, it has also taken advantage of opportunities which have been presented through positive factors. One of these opportunities is the health report given by the government which remarks the importance of drinking water, being hydrated . This health report is the new marketing strategy that the business needed in order to re-position itself in the market.

Consumers commence to take more consideration for their health.

Nonetheless, the main target that the government is intending to appeal is children as the obesity and other health issues are rapidly increasing in their sector (National Health Service Information Centre, 2012, p: 24) . They want to influence them to follow a healthier lifestyle.

[http://www. ic. nhs.](http://www.ic.nhs.uk/webfiles/publications/003_Health_Lifestyles/OPAD12/Statistics_on_Obesity_Physical_Activity_and_Diet_England_2012.pdf)

[uk/webfiles/publications/003_Health_Lifestyles/OPAD12/Statistics_on_Obesity_Physical_Activity_and_Diet_England_2012. pdf](http://www.ic.nhs.uk/webfiles/publications/003_Health_Lifestyles/OPAD12/Statistics_on_Obesity_Physical_Activity_and_Diet_England_2012.pdf)

The Health Protection Agency, a department which concerns with the health issues, “ wants to prevent and significantly reduce the morbidity and mortality arising from gastrointestinal disorders and other health effects, by ensuring that adequate measures are taken to improve access to safe and affordable water and adequate sanitation for all children”

Health Protection Agency (no date).

This is a clear chance for the bottled water producers to stand and succeed generating a product which appeals to this particular target audience.

Different sizes of bottles which can fit in their hands or in their launch box.

Moreover, it has helped to create new advertising campaigns that promote and highlight the gains obtainable from bottled water, for example, Nestlé’s pure life 2011 advertising campaign (YouTube, 2011).

<http://www.youtube.com/watch?v=oS5P9Y-ah3s>

SOCIAL FACTORS

The bottled water industry has witnessed certain social aspects occurred in the outside world which have sometimes jeopardized its place in the beverage market. Nevertheless, some others factors have also become new doors for the business to expand.

The conditions of tap water and its taste have caused a growth of tension among people. Consequently, consumers have started demanding something purer with nutrients and vitamins (McQueeney, 2012). It is then that the bottled water producers have realized the need of creating a product which suits the requests of this particular type of customer. They

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have understood their message by launching a range of bottled waters with different flavours widening, in this way, their choice (Jones, 2009). Volvic is clear example of one of those companies which has grasped this opportunity.

<http://www.beveragedaily.com/Markets/Flavour-and-function-triumph-in-bottled-water-market>

Another revolutionary social fact that changed the industry is the rise of body/health consciousness (NamNews, 2010). Society has become increasingly obsessed with their body shape to the point of being selective with the food and the drinks they consume.

Food and drink production companies noticed that a place was being created for products low in calories which meant a new way to develop business (Public Relations Web, 2012). The bottled water market is one of the industries that considered that it was coming to be a sizeable and relevant market. Therefore, they strived to find a way to connect fitness with water (Forsyth, 2010). They created advertising campaigns where the characters (with great bodies) were involved in some kind of sport or activity. They were effective because people started to perceive water as indispensable for active life. However, there still was the need to portray that, to have the best of the bodies, the best water had to be consumed. That is exactly what Evian did.

http://www.prweb.com/releases/food_additives_acidulants/fat_replacers_sweeteners/prweb10148697.htm

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<http://www.bbc.co.uk/news/business-11813975>

“ The French brand Evian recognised the growing, wider health and fitness trend and exploited it to the full by marketing their bottled water the ultimate health and wellness product”

Forsyth, H. (2010).

Bottled water was now being included as part of the shopping list and its demand has rapidly increased as people live a more beneficial life (BBC Two, 2010).

<http://www.kamcity.com/namnews/asp/newsarticle.asp?newsid=41408>

<https://release.worc.ac.uk/watch.php?r=ZC72HMLN>

TECHNOLOGICAL FACTORS

For any bottled water company, the expense to generate its products requires constant analysis at all levels. The extensive companies keep becoming stronger, coercing the suppliers to enhance quality and productivity but diminishing costs (Pall Corporation, 2006). This could be possible with the apparition of a new revolutionary way of production that could actually achieve that: The hollow fiber membrane technology.

[http://d2xjwcgentlu24.cloudfront.](http://d2xjwcgentlu24.cloudfront.net/pdfs/Food-and-Beverage/Bottled_Water_App_Bulletin.pdf)

[net/pdfs/Food-and-Beverage/Bottled_Water_App_Bulletin.pdf](http://d2xjwcgentlu24.cloudfront.net/pdfs/Food-and-Beverage/Bottled_Water_App_Bulletin.pdf)

This innovation is based on the separation of both gassy and liquid elements.

It has been demonstrated that the membranes work in water treatment. As a

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result, its development still proceeds. Nevertheless, there are few remaining problems that need to be solved (Stanford Research Institute International, no date). The European Commission (2010, p: 9) also agrees with that. For that reason, it also emphasizes the relevance of this problem which makes it point of focus in its investigation.

<http://www.sri.com/work/projects/advanced-hollow-fiber-membrane-water-purification>

<http://ec.europa.eu/research/environment/pdf/membrane-technologies.pdf>

MICRO-ENVIRONMENTAL FORCES

The bottled water industry has faced some internal aspects occurring in its environment which have been harnessed appropriately in order to help the business boost its sales: competitive advantage within the soft drink market, convenience of bottled water, rise of focus on better healthcare, increase of eco-friendly interest , etc (Intel, 2012).

COMPETITORS

The successful outcome and behaviour of a company depend on the competition level in its market (Oxford University Press, 2007). Thus, companies must identify their relevant competitors in order to generate the most efficient marketing strategy to obtain profits and also help them become the leading company in their product category.

The bottled water producers have made sure to achieve a developed competitive advantage which has helped them gain position (Intel, 2012).

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For that reason, it is wrong to believe that tap water is the industry main competitor.

Bottled water is currently occupying a high position in the market competing in the same level as soft drinks. It has maintained competitive prices by offering the minimum cost which has proved to be effective as it continues to be appealing to those customers seeking value for money (Intel, 2012).

The soft drink industry has struggled to sell its products due to the unfavourable publicity causing consumers to change their drink choices for healthier ones (Highbeam Business, 2012). This has meant a huge opportunity for the bottled water brands to gain popularity over their competitors. That is the reason why some big distributors of soft drinks, such as Coca-Cola and Pepsi, have realized the need to also get involved in the distribution of bottled water (i. e. Dasani, Aquafina) with the interest of expanding the business (McWilliams, 2010). However, some have succeeded in this purpose more than others.

“ Today bottled water is the fastest-growing beverage category in the world” (FiberWater, no date) despite their rivals try hard other strategies to recover their losses and regain market share.

CUSTOMERS

The number of consumers that see their lives as time-pressured grows every day (Intel, 2012). According to this fact, convenience becomes an important factor influencing their decisions when purchasing a drink or a food product (Wales, 2009). That explains the growth of microwave dinners, drive-thru windows and online purchasing of groceries. However, there are <https://assignbuster.com/macro-environmental-forces-slept-analysis-marketing-essay/>

other reasons that make bottled water convenient. “ When people buy it, what they are buying it is not the water so much as the bottle, what they are buying is the convenience of the package at that moment” (Fisherman, 2010). If one finds himself in a situation where there is need of drinking water while being out (without availability of tap water), the first thing that would come to mind is to buy a bottle of water from the nearest store. In short, this suggests that what the industry is actually selling is the benefits of the product (portable, opportune at the needed time) which is what the customer wants, rather than product itself.

The focus of the customers on convenience is good news for the industry as they gradually switch to the appropriateness of the beverage (Australasian bottled water institute, no date) with the extended variation of leisure activities, travelling and also the growth of life out home.

<http://www.bottledwater.org.au/scripts/cgiip.exe/WService=ASP0003/ccms.r?PageId=5002>

SEGMENTATION, TARGETING & POSITIONING

The bottled water companies need to recognize and describe their potential markets. They need to break them down into different segments using demographic variables, psychographic variables and/or behavioural variables. Once this step is fulfilled, they have to evaluate the relevant segments and decide which ones to target. Finally, they design the product which meets the requirements of their targeted audience (Adcock et al., 2001).

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The market can possibly be divided by using different variables. However, the most relevant for the bottled water industry is probably the behavioural variables: non-users, light, moderate or heavy users (E-learn portal, 2012). For example, according to Euromonitor (2002) the bottled water consumption was heavy in Italy with an average of 155 litres per person a year while it was light in Finland with an average of 14 litres per person.

<http://www.elearnportal.com/courses/business/consumer-behavior/consumer-behavior-market-segmentation>

http://www.nationmaster.com/graph/food_bot_wat_con-food-bottled-water-consumption

EVIAN

Evian is UK leading brand specialized in the distribution of bottled water (BBC, 2012). It is part of the product mix supplied by the French company Danone.

<http://www.bbc.co.uk/news/uk-scotland-scotland-business-19743806>

The brand is generally aimed at heavy mineral water drinkers (Nielsen, 2009). However, on a detailed basis, Evian targets people of all ages; mums, babies, children, seniors and also people who carry an active lifestyle (Evian PET bottles), for example, students. Moreover, it also aims at restaurants, hotels and nightclubs as that explains the existence of Evian glass bottles (Evian, no date).

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A lot of people would say water does not offer too many opportunities. Nevertheless, Evian has achieved positioning its brand in the premium market by gaining from every parent concerned for the health of their newborns (Michael, 2012). Evian uses a unique brand communication which proves to be effective. It was clearly reflected on their advertising campaign under the slogan “ Live Young” (Lab Brand, 2009).

Brand Positioning on Emotional Benefits

<http://www.labbrand.com/brand-source/evian-strives-brand-differentiation-build-brand-equity>

EVIAN’S MARKETING MIX

PRICE

Evian wants the customers to distinguish their product as being a luxury from Mother Nature; consequently, they price it at the premium level (Fisher, 2012). This is due to the reliance they have developed over the years since the establishment of the brand. The price is what gives standard to their product line (Kapferer, 2008).

The following image gives an idea of the average price of Evian’s product line in Tesco.

Figure 1: Evian brand price at Tesco (My supermarket 2012).

PLACE

Evian clearly distributes its bottles through supermarkets, such as, Tesco, Asda, Waitrose, Ocado and Sainsbury’s (My supermarket, 2012). Similarly,

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they use some smaller retailers as their supply channel as it is a wider way to reach their customers.

In some occasions, the brand may also be placed in vending machines as it can be seen in the picture below.

http://t3.gstatic.com/images?q=tbn:ANd9GcRL-LKivJKsbaGbwI7qTyEq0EG-7BkObbtFCXPi_ykx8sFpS33eoQ

Figure 2: Evian bottles in a vending machine (Source: Google, 2011).

PRODUCT

The brand offers ranges of bottles suited to each of their different target audiences. For example, the PET bottles for sports practitioners and the glass bottles for the restaurants. It is noticeable that the firm uses different materials to generate its bottles: plastic bottles, resistant to movement, and glass bottles, more delicate, sign of sophistication (Evian, no date). In addition, Evian offers its water in bottles of different sizes adapted to the convenience of the customer.

http://www.evian.com/files/contents/38/bottles_PET_BE.png

Figure3: Evian bottles in different sizes (Source: Evian, no date).

PROMOTION

It uses different ways to communicate its message to the target audience with the interest of creating a connection between them and the product. Some of the various effective techniques they utilize to make that possible are brand endorsement and advertising through different channels. In

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addition, the brand is sponsor of sport icons like Maria Sharapova (The drum, 2012).

Figure 5: Evian's billboard advert (Source: Google 2012).

Figure 4: Evian's brand endorsement (Source: AdWeek 2006). http://t3.gstatic.com/images?q=tbn:ANd9GcSwg1SFW7p_fwN4mSIHvY0Pdu9WHXFWizkyTgMIYXuRCfBouuoqCYvGtj1bSA

http://t2.gstatic.com/images?q=tbn:ANd9GcQ9zwxjho_G7ARm8PA5qhZORnp-MylAVKZVyPCrw_clxunvbXiKLw

http://t2.gstatic.com/images?q=tbn:ANd9GcQ9zwxjho_G7ARm8PA5qhZORnp-MylAVKZVyPCrw_clxunvbXiKLw

http://t2.gstatic.com/images?q=tbn:ANd9GcQ9zwxjho_G7ARm8PA5qhZORnp-MylAVKZVyPCrw_clxunvbXiKLw

<http://liamsmarketingandprblog.blogspot.co.uk/2012/11/analysis-and-swot-analysis-of-one-brand.html>

http://books.google.co.uk/books?id=8PoltiB7bicC&pg=PA235&lpg=PA235&dq=evian+premium+price&source=bl&ots=ewZc0xoEwB&sig=_b3qj2975SIOafxq1j49xu89Ldg&hl=en&sa=X&ei=NO61UO_yLYiH0AW69YHoBg&ved=0CFkQ6AEwBg#v=onepage&q=evian%20premium%20price&f=false

http://books.google.co.uk/books?id=8PoltiB7bicC&pg=PA235&lpg=PA235&dq=evian+premium+price&source=bl&ots=ewZc0xoEwB&sig=_b3qj2975SIOafxq1j49xu89Ldg&hl=en&sa=X&ei=NO61UO_yLYiH0AW69YHoBg&ved=0CFkQ6AEwBg#v=onepage&q=evian%20premium%20price&f=false

http://books.google.co.uk/books?id=8PoltiB7bicC&pg=PA235&lpg=PA235&dq=evian+premium+price&source=bl&ots=ewZc0xoEwB&sig=_b3qj2975SIOafxq1j49xu89Ldg&hl=en&sa=X&ei=NO61UO_yLYiH0AW69YHoBg&ved=0CFkQ6AEwBg#v=onepage&q=evian%20premium%20price&f=false

http://www.mysupermarket.co.uk/brands/evian_in_tesco.html

http://www.mysupermarket.co.uk/#/tesco-price-comparison/mineral_water/evian_natural_still_mineral_water_2l.html

http://www.mysupermarket.co.uk/#/tesco-price-comparison/mineral_water/evian_natural_still_mineral_water_2l.html

<http://www.google.co.uk/imgres?q=Evian+bottles+in+a+vending+machine&um=1&hl=en&sa=N&tbo=d&biw=1366&bih=653&tbm=isch&tbnid=Ut337L89YKN7rM:&imgrefurl=https://assignbuster.com/macro-environmental-forces-slept-analysis-marketing-essay/>

<http://www.google.co.uk/imgres?q=Evian+bottles+in+a+vending+machine&um=1&hl=en&sa=N&tbo=d&biw=1366&bih=653&tbm=isch&tbnid=Ut337L89YKN7rM:&imgrefurl=https://assignbuster.com/macro-environmental-forces-slept-analysis-marketing-essay/>

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<http://vintage.johnnyjet.com/folder/archive/France-South-Nice-Aix-en-Provence-DiScala-Wedding-Chateau-Grimaldi-Best-Western-2011-7.html&docid=Wxlz77d416FJLM&imgurl=http://vintage.johnnyjet.com/photos-2011/Nice-France-June-2011-176.jpg&w=640&h=480&ei=SOu5UJXeGcLF0QWAqIHIAw&zoom=1&iact=rc&dur=399&sig=113099667739855397104&page=1&tbnh=143&tbnw=212&start=0&ndsp=23&ved=1t:429,r:22,s:0,i:157&tx=131&ty=95>

http://www.evian.com/en_GB/54-evian-PET-bottles

James Blake is cool, but can he heat up?

http://www.google.co.uk/imgres?q=evian+billboard+ads&start=185&hl=en&sa=X&tbo=d&biw=1366&bih=653&tbm=isch&tbnid=Op4ec1VRnuLuXM:&imgrefurl=http://www.artrick-playground.com/article/Evian-T-Shirts-Are-Back/3247/1024811&docid=4RFzSZrgBnMPyM&imgurl=http://www.artrick-playground.com/static/images/3247/Evian-T-Shirts-Are-Back_1024811_profile.jpg&w=440&h=330&ei=XuO5UP2CGqrQ0QWln4GgBg&zoom=1&iact=hc&vpx=1066&vpy=301&dur=485&hovh=194&hovw=259&tx=147&ty=66&sig=113099667739855397104&page=8&tbnh=149&tbnw=214&ndsp=34&ved=1t:429,r:78,s:100,i:58

<http://www.thedrum.com/news/2012/06/28/evian-extends-sponsorship-deals-maria-sharapova-and-wimbledon>

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